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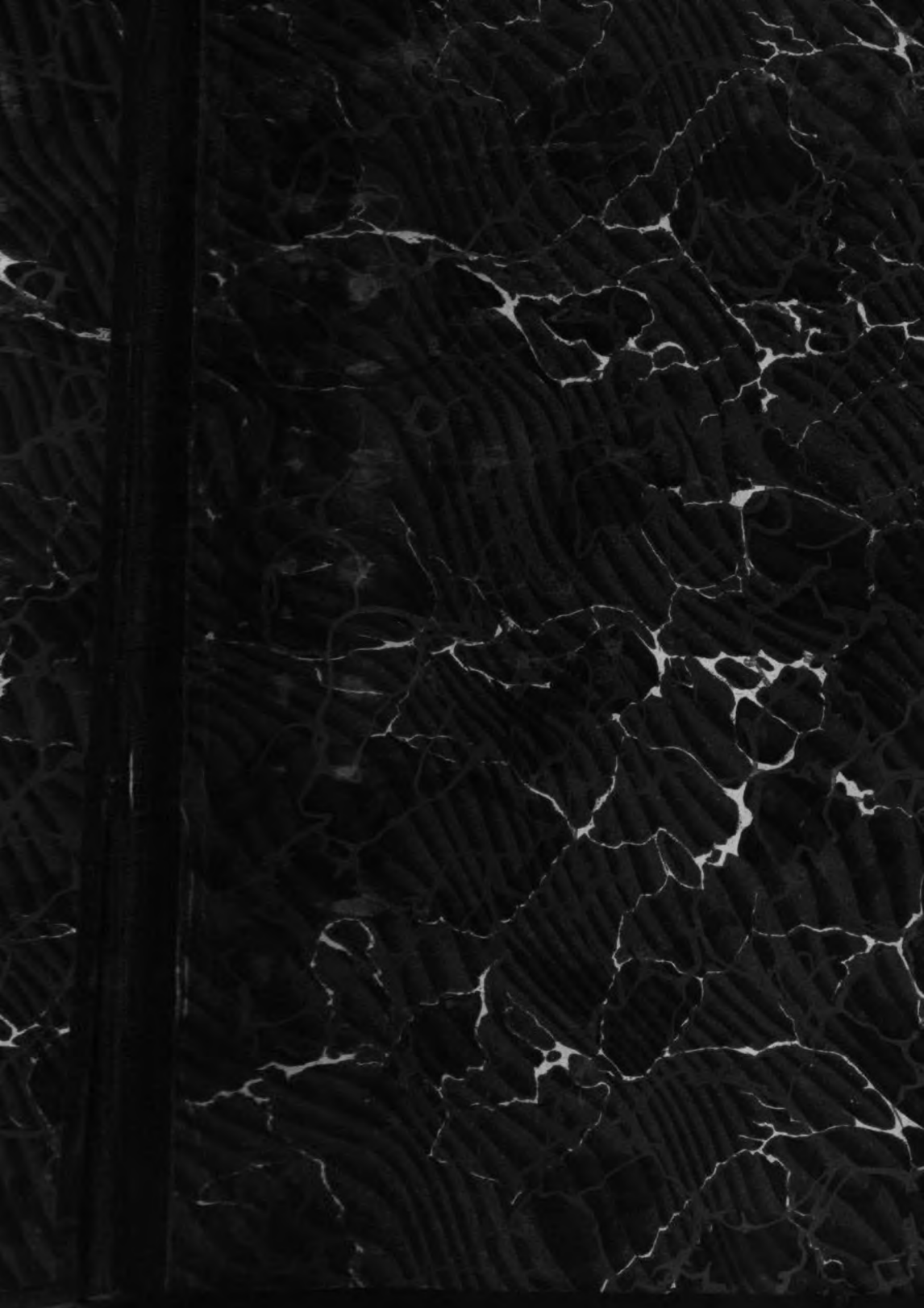
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# The Bankers magazine















SEVENTY-SECOND YEAR

FEB 6 1918

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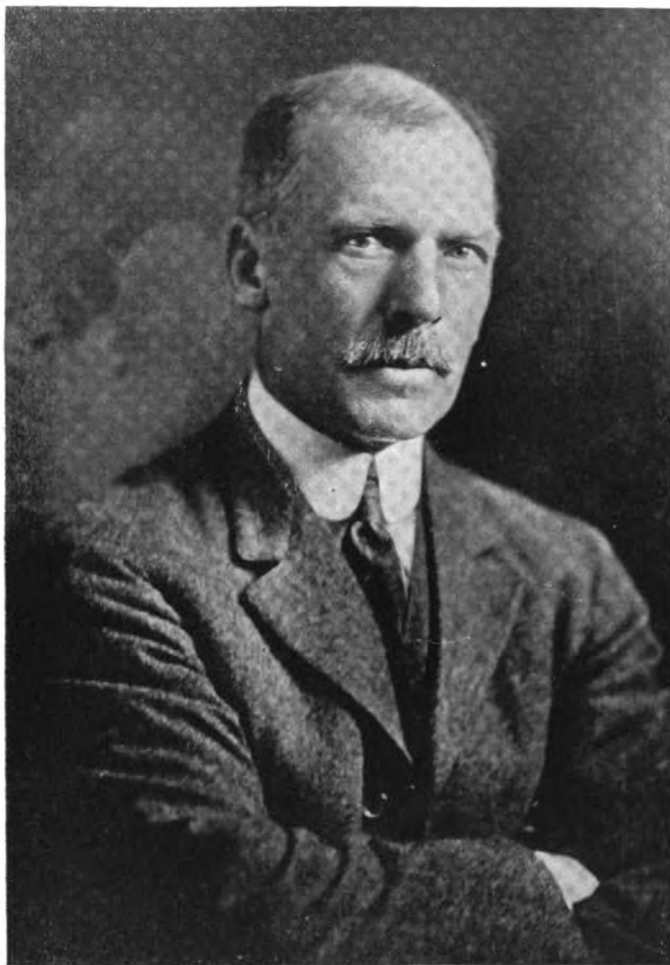
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**ALFRED L. RIPLEY**

**Newly-elected President Merchants National Bank, Boston. Mr. Ripley was formerly President of the State National Bank, which was merged with the Merchants**

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ELMER H. YOUNGMAN, Editor

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## Annual Report of the Secretary of the Treasury

**T**HE immense financial problems with which the country has to deal renders the annual report of the Secretary of the Treasury of unusual importance. It is possible at present to make but a few quotations from the report. The Secretary says:

“‘Business as usual’ can not, of course, be adopted as the guiding principle in time of war. It is a wholly wrong theory and should find no advocacy or acceptance by the sensible and patriotic people of America. Business must be readjusted to the war-making function of the Nation.

“What is of superlative importance in the readjustment that must take place is that our people shall be impressed with the necessity of economizing in the consumption of articles of clothing, food and fuel, and of every other thing which constitutes a drain upon the available supplies, materials, and resources of the country. Everything wasted now is nothing short of criminal. So far as I have been able to observe, the American people are not sufficiently aroused to the necessity of economy and of saving in this really serious time, not only in the life of America, but of the nations of the world. Up to the present there has been a relatively small denial of pleasures, comforts, and conveniences on the part of the average citizen. He is drawing upon the general store of supplies in the country with almost the same freedom as before America came into the war. This can not continue without serious hurt to the Nation and to the world. The great financial operations of the Government can not be carried forward successfully unless the people of the United States economize in every possible direction, save their money and lend it to the Government. By saving money they give up some of their needless pleasures; they reduce their demand upon the general supply of food, clothing, and other materials in the country, releasing thereby that much more for the use of our own armies and the armies and civilian populations of the nations which are

fighting the common danger with us. They are at the same time increasing their own material prosperity by their savings, and they are directly helping their Government by lending it the money with which it can buy the necessary supplies and command the necessary services to make our fighting forces stronger and more effective in the field; and this means an earlier victory for American arms.

"The great difficulty is to impress this lesson of economy upon the American people. It will require widespread propaganda and constant effort. With this in view, it was my privilege to suggest to the Congress the raising of \$2,000,000,000 by the sale of war-savings stamps and thrift stamps, so that the American people would have the opportunity, as well as the direct encouragement, to economize and save money by putting within their reach the opportunity of lending their savings, in such small amounts even as 25 cents, to their own Government.

"It is easy to visualize the course of a dollar saved from waste and invested in Government bonds. First, it goes to the Government as a loan for the war; second, it is expended by the Government for food, clothing, and ammunition which go directly to a gallant soldier or sailor, whose fighting strength is kept up by the food, whose body is kept warm by the clothing, and whose enemy is hit by the ammunition. It has not been expended in the purchase of needless food and clothing for the man at home, and is, therefore, released for the use of the soldier; it is *saved* wealth to the man at home and can be loaned to his Government at interest, with resulting benefit to himself and to his Government.

"The man who subscribes for a Government bond, and is advertised as a patriot for doing so, is not a patriot if he immediately sells that bond on the market when he does not imperatively need the money. It is not mere subscription to a bond that helps the Government; it is the actual purchase of the bond and the keeping of the bond that really helps. The people must *save* and *invest* in Government bonds. It is by actually lending money to the Government and not by merely promising it and shifting the load to someone else that the citizen really helps in this great time. If loans are made to the Government and bonds are taken therefor, the lender is supposed to deny himself something which releases, in turn, a demand on the vital supplies or stores of the country and puts the Government in position to buy the supplies thus released and to furnish them to our armies and navies. But if the lender immediately sells his bonds, relieves himself of the obligation to save vital supplies, and goes on wasting them, he does his country a grievous injury and hurts himself as well.

"The Government must, if necessary, absorb the supply of new capital available for investment in the United States during the

period of the war. This, in turn, makes it essential that unnecessary capital expenditures should be avoided in public and private enterprises. Some form of regulation of new capital expenditures should be provided. The subject is having deep study, and I hope to be able to submit some suggestions during the session of the Congress which will be of a constructive, as well as of a regulatory, nature. It may also become necessary to concert some constructive measures through which essential credits may be provided for those industries and enterprises in the country essential to the efficient and successful conduct of the war. The subject requires the best thought and study. It is receiving the most earnest consideration.

"The courage and resources of the Nation are so abundant that America's success in the war is beyond question if they are properly organized and intelligently used. The economic and financial condition of the country was never so strong and America's spirit was never more aroused to the importance and necessity of going forward, resolutely and regardless of sacrifices, to the accomplishment of the great task to which God has called us."

For the fiscal year 1918 the Secretary estimates a deficit of \$5,128,203,793.93 in the general fund of the Treasury, and estimates that, including a working balance of \$500,000,000, there will have to be provided \$5,640,000,000.



## Increase in Bank Safety and Profits

**R**EPORTS from the office of the Comptroller of the Currency make a favorable showing for the safety and profits of the national banks of the United States. The Comptroller announces that these banks are now eight times as safe as they were during the thirty-three-year period prior to June 30, 1914, provided we accept as a criterion the reduced proportion of losses sustained by depositors of failed banks to the total deposits of the national banks during the past three years as compared with the preceding thirty-three years.

Records which have just been compiled show that for the thirty-three years from 1881 to 1914 the losses to depositors which arose from bank failures averaged annually during that period 28 one-thousandths of one per cent. of the aggregate deposits of the national banks during those years. During the fiscal years ending June 30, 1915, 1916 and 1917, the percentage of losses of failed banks to total deposits of all banks has averaged only about three one-thousandths of one per cent., or less than one-eighth of what these losses averaged during the preceding thirty-three years.

This great reduction in losses is ascribed to the improved system of national bank examination, the greater thoroughness exercised in these examinations, and to the policy of requiring national banks to observe more rigidly the provisions of law intended for their protection and the protection of their depositors and shareholders.

The figures show that if the Government or an insurance company had been insuring deposits of all national banks from the year 1881 to 1914, it would have been necessary to charge the banks an annual premium of twenty-eight cents per thousand, or \$280 per million of deposits to cover the actual losses, but during the past three years under improved methods of examination, the losses from national bank failures have been so greatly reduced that the payment of less than  $3\frac{1}{2}$  cents per thousand, or less than \$35 per million of deposits, would have been sufficient to insure the payment in full to depositors of national banks which have failed during the past three fiscal years.

Very likely the reasons given here had much effect in reducing the number of bank failures, but perhaps other causes have been influential also. Not least of these is the general expansion of business through which the country has been passing during the period included and greater prosperity that has accrued to the banks. In such times bank failures are comparatively rare. True enough, this era of greater safety has comprised the war disturbances, which might have been expected to react unfavorably upon the banks, but did not owing in part to the extraordinary precautions taken by the banks and the Government.

Possibly, when inflation ceases and a settling-up period arrives, the national banks may not be able to show quite so good a record as they have made in the last three years.

However this may be, ungrudging praise is due the Comptroller for better supervision and to the banks for more careful management and congratulations are in order for the good results achieved. It certainly speaks well for the banks and for the Comptroller's bureau that there have been so few failures in a time of extraordinary financial upheaval.

Not only do the national banks appear to be growing safer, but they are making more money than ever before.

Reports compiled by the Comptroller of the Currency show that the total earnings of the national banks of the United States for the last fiscal year, ending June 30, 1917, were the greatest in their history, and amounted to \$667,406,000, an increase of \$76,764,000, or thirteen per cent. over the previous year.

The net earnings of these banks for the same fiscal year amounted to \$194,321,000—an increase over the preceding year of \$36,778,000, or twenty-three per cent.

On their capital stock the banks report net earnings for the

year of 17.96 per cent., the highest percentage ever reported. This compares with 14.78 per cent. on stock the year before.

The amount distributed in dividends to stockholders was \$125,538,000 an increase over the previous year of \$10,813,000, or 9.4 per cent. The sum thus distributed was 11.61 per cent. on their capital stock, and compares with 10.76 per cent. the year preceding.

The percentage of net earnings to capital and surplus for the past year was 10.52 per cent., the greatest shown in over forty years, or since 1873.

The fact is that with business being done in such large volume and with so much intensity, there were unusual opportunities for making large and frequent turnovers with correspondingly increased profits. The satisfactory earnings of the past fiscal year will enable the banks to store up a larger surplus against the leaner years that may follow.



## Annual Thrift Day

**I**N these times, when everything that contributes to the observance of principles of thrift is to be hailed as a national blessing, it is fortunate that a day has been specially set aside for concentrating public thought and action on this most important subject. Thrift Day falls this year on Sunday, February 3, and consequently the following day, Monday, February 4, will be observed instead.

The interest and enthusiasm which previous anniversaries have aroused render it certain that this year's observation of the day will be even more general than usual, for not only will there be the momentum gained from previous celebrations but the added interest attaching to the day on account of the urgent necessity of imbuing our people with the thrift spirit.

If a word of suggestion might be ventured as to some phases of Thrift Day upon which emphasis could be placed, the thought first to occur would refer to what the American people have done already in practicing thrift. Americans are by no means the reckless wasters of time, opportunity, money and materials that some superficial observers of our institutions would have us believe. The country, in a comparatively brief time, has achieved too much for such an imputation to be true.

While it is profitable to read and lay to heart the many fine sermons, essays and admonitions of one kind and another enjoining the practice of thrift, surely there are examples enough affording practical demonstrations that might be brought forward for public enlightenment.

For instance, farmers who can in a single year produce crops of the value of more than \$21,000,000,000 furnish a most instructive illustration of thrift from the practical rather than from the theoretical standpoint.

The people who can contribute hundreds of millions for good works of many kinds, in a few months, and provide billions in loans and taxes, are fair examples of the virtue of thrift.

A nation that clothes, houses, feeds and educates its people better than any nation in the world, is likewise a shining example of some or all the qualities embodied in the thrift idea.

It is therefore hoped that a portion of Thrift Day may be devoted to an examination of what the American people have accomplished in the way of thrift, so that others, heartened by the achievements of the past, will find a stimulus to like endeavor.



## Futile Dreams of Peace

**T**O all the vague suggestions of peace thrown out from Teutonic sources come in answer the clear ringing declarations of Premier Lloyd George and President Wilson. The former, speaking in London on December 14, said:

"I warn the nation," said the Premier, "to watch men who think there is a half-way house between victory and defeat. There is no such half-way house. These are the men who think the war can be ended now by some sort of peace—a setting up of a league of nations, with conditions as to arbitration for disputes and provisions for disarmament and with a covenant on the part of all nations to sign a treaty along these lines.

"That is the right policy after victory. Without victory it would be a farce. Who would sign such a treaty? I presume, among others, the people who have so far successfully broken the last. Who would enforce the new treaty? I presume the nations that have so far not quite succeeded in enforcing the last.

"To end the war entered upon and to enforce a treaty without reparation for infringement of that treaty, merely by entering into a more sweeping treaty, would indeed be a farce in the setting of a tragedy.

"We are not misled by mere words like disarmament, arbitration and similar terms. You cannot wage war or secure peace by mere words. We ought never to have started unless we meant, at all hazards, to complete our task.

"Of course our enemies are ready to accept a peace leaving

them with some of the richest provinces and the fairest cities of Russia in their pockets. It is idle to talk security under such conditions. There is no protection for life or property in a state where the criminal is more powerful than the law. The law of nations is no exception. We are dealing with a criminal state now and there will always be criminal states until the reward of international crime becomes too precarious to make it profitable, and the punishment of international crime becomes too sure to make it attractive.

"We are confronted with the alternatives of abasing ourselves in terror before the lawlessness which means ultimately a world intimidated by successful bandits or going through with our task to establish a righteous and lasting peace for ourselves and our children. Surely no nation with any regard for its self-respect and any honor can hesitate a moment in its choice.

"We are laying the foundation of the bridge that will carry us into a new world. Let us maintain steadiness and sanity of outlook."

And the words of President Wilson, in his address to Congress on December 4, were equally firm and unmistakable in tone. Here are some of the things the President said:

"They [the American people] desire peace by the overcoming of evil, by the defeat once and for all of the sinister forces that interrupt peace and render it impossible, and they wish to know how closely our thought runs with theirs and what action we propose. They are impatient with those who desire peace by any sort of compromise—deeply and indignantly impatient—but they will be equally impatient with us if we do not make it plain to them what our objectives are and what we are planning for in seeking to make conquest of peace by arms.

"I believe that I speak for them when I say two things: First, that this intolerable Thing of which the masters of Germany have shown us the ugly face, this menace of combined intrigue and force, which we now see so clearly as the German power, a Thing without conscience or honor or capacity for covenanted peace, must be crushed, and if it be not utterly brought to an end, at least shut out from the friendly intercourse of the nations; and, second, that when this Thing and its power are indeed defeated and the time comes that we can discuss peace—when the German people have spokesmen whose word we can believe, and when those spokesmen are ready in the name of their people to accept the common judgment of the nations as to what shall henceforth be the bases of law and of covenant for the life of the world—we shall be willing and glad to pay the full price for peace and pay it ungrudgingly. We know what that price will be. It will be full, impartial justice—justice

done at every point and to every nation that the final settlement must affect, our enemies as well as our friends.

"Let there be no misunderstanding. Our present and immediate task is to win the war, and nothing shall turn us aside from it until it is accomplished. Every power and resource we possess, whether of men, of money, or of materials, is being devoted and will continue to be devoted to that purpose until it is achieved. Those who desire to bring peace about before that purpose is achieved, I counsel to carry their advice elsewhere. We will not entertain it. We shall regard the war only as won when the German people say to us, through properly accredited representatives, that they are ready to agree to a settlement based upon justice and the reparation of the wrongs their rulers have done."

These two declarations from two of the world's leading statesmen now charged with the responsibilities of power should be effective in settling in the minds of the allied nations that what they are to think of is not peace but a victorious ending of the war, which will indeed bring peace, but not of the kind the present rulers of Germany and Austria pretend to be thinking about.



## Nation-Wide Prohibition Coming

**B**EFORE adjourning for the usual holiday recess, Congress passed a resolution which provides for the submission to the states of an amendment to the Constitution of the United States prohibiting the manufacture or sale of intoxicating liquors for beverage purposes. To become effective the amendment must be ratified by three-fourths of the states within seven years of the date upon which the resolution was passed by the Congress. Since a large number of the states are already "dry" and with the growing feeling in favor of suppressing the liquor traffic as a war measure, it would not be surprising to see the amendment ratified by the required number of states.

The saloon has been tolerated up to the present time as a public institution because of the practical difficulties, in some communities, in the way of its complete suppression, and for the further reason that some people seemed to believe that it was a source of considerable profit to the community in the revenue it apparently produced.

To meet the variety in public sentiment towards the saloon, the laws governing the liquor traffic have been made more or less elastic. While a few states had state-wide prohibition, others limited the

prohibitory statute to the counties favoring it, and in some cases the right to determine the matter was left to wards in the cities.

But now comes a proposal for something far more sweeping than any law heretofore enacted on this subject, namely, to stop the manufacture and sale of intoxicating liquors, for beverage purposes, throughout the entire United States.

Aside from the moral considerations involved, the question shortly to come before the people of the country is of great importance from an economic standpoint, and especially so now when it is of utmost importance that American labor should be kept at the highest attainable standard of efficiency.

Whatever alluring advertisements may say to the contrary, it is very doubtful if any respectable body of disinterested business men would give the saloon a certificate of character as a promoter of industrial efficiency. On the contrary, many of the great railway and industrial establishments have prohibited their employees from patronizing it either while on or off duty. The absolutely sober man is universally preferred in all well-conducted business establishments.

Aside from the physical impairment which drinking brings about, and which lessens efficiency for industrial and military service, just at this time the employment of labor, capital and materials in the worse than useless traffic constitutes a serious drain on the country's resources at a time when we need every ounce of actual and potential strength to aid in defeating the Central Powers of Europe.

As to the defense of the saloon based upon its capacity to produce revenue, it need hardly be pointed out that while the saloon does produce a gross revenue it produces no net revenue when charged with the expense which its existence places upon the community. The loss of labor and of life, the cost in maintaining the derelicts thrown up on the sea of liquor, exceed the princely sums with which the saloons attempt to bribe the public conscience.

For its coming extinction the saloon itself is largely blamable. It has set itself up as an institution superior to all law and has persistently defied the attempts of the community to impose upon it reasonable regulations. So that after long years of patience the American people have come to the determination that if the saloon can not be mended it can be ended.

The fact is that the saloon has been tried in the court of public opinion and has been condemned. In view of the great injury this vanishing industry is causing to the people of this country, it could well be wished, in this hour of national trial, that the execution of the sentence could be advanced beyond the seven years period which the resolution of Congress permits.



## THE WONDERFUL TO-MORROW

(A Prophecy)

**W**E who look upon War only as a savage and cruel Thing may find solace in the thought that Great Good has followed the path of the warrior's Sword.

History, fashioning Man and His Affairs from the rough-hewn rock of many Ages, plants new citadels over the ashes of dead Empire. The Hut becomes a Cottage, the Cottage a Mansion. Peasant is metamorphosed into Master and Master into Monarch. It is the Law and the Will of Progress!

And, all the while, through stress of Great Wrongs and Stupendous Sorrows, the World builds for its own betterment. Unconsciously, these whirling, spinning Hemispheres of Hate and Blood grind down the Unworthy.

Already a New France is forming from the dust of her own Yesterdays. Travelers from afar tell us that Spring will find flowers blooming again in France and that fields will ripen with fruitful grain. Magic Cities, all beautiful and fair, and christened in holy tears, have rooted their foundations in the torn soil of Battlegrounds. Plow and Tractor will heal the shell wounds of the suffering earth.

And, so it is, over every Land and under every sky, the Forces for Reconstruction are at work. Tears consecrate the clods and divine hands fashion the spiritual architecture. Who shall say that the strife has been in vain?





**I**N our own hearts and Lands the same principles hold good. We are being purged of life-long frailties. Self-sacrifice—a heroic measure that moulds Men into Heroes, is sweetening the Souls of us. For a little while we march in uniform and hold our swords before our eyes, . . . but the path leads out into Light. We are cracking the thick shell of a finer Civilization.

It is enough to know that, as a Nation, we are strong in the things that really count. From Sea to Sea factory wheels are throbbing at their righteous tasks—and down the dim aisles of Trade an endless human thread is moving to One Ideal—one Purpose—One Giant Loom, whereon the fabric of Democracy is woven. Night and day—night and day, these forces are in operation! Forges flare red in the darkness—hearts leap high at thought of this supreme Responsibility. The little farms, like bouquets, will bloom, this Spring, as they have never bloomed before!

The New Year, upon which we enter with Grief and sudden awe, is blessed by the same April rains and the same Summer suns and the same wide acreage of Thrift. The same God smiles over it, and the same Infinite Wisdom is there to guide.

There must be Trust and Thrift and Frugality. There must be Reverence, love, forbearance, noble sacrifice. There must be Thrift and the bearing of strong arms. For just so sure as the heart of the grain beats quickly under snows, as sure you may be that all will be well again in the land you love.

W. LIVINGSTON LARNED.



# Loosen Up For Liberty!

## How One Bank Sold Liberty Bonds

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By E. F. GERMO, Publicity Manager Los Angeles Trust and Savings Bank

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**L**OS ANGELES had to redeem herself. She always has done things in such a generous manner that when the First Liberty Loan was projected everyone said: "Of course Los Angeles will do her full share"—and then waited for the other fellow to do it.

Here perhaps more than elsewhere, because we seem so far removed geographically from the gigantic struggle, the responsibility of the individual was not sufficiently realized. Consequently, Angelinos have borne many taunts, blushed many shades of crimson, upon their part in that first loan.

Briefly, Los Angeles fell short \$4,844,000 on her minimum allotment of \$21,000,000 of the First Liberty Loan. Well might Angels—and Angelinos—blush at the publication of those figures! Wherever we went, outside of our own city, the ghost of those figures rose up to haunt us, to crush the civic pride that every citizen of the metropolis of the Sunny Southland always has felt.

But when Uncle Sam called a second time, with an allotment of \$23,699,000, we rose as one man to do our part—we determined to make amends for our past negligence—we girded up our loins and entered the fray with a grim resolve to win such a victory as would put to rout forever the haunting memories of that first appalling lack of a practical demonstration of patriotism.

The local Liberty Loan committee adopted all of the national measures for furthering the loan, and also some that applied and could apply only to local conditions. The women were or-

ganized—the parent-teachers did excellent work. There were talks in all of the picture-houses—there were stenciled feet leading to all of the banks—there were posters and parades—letters and pamphlets—men and women—school children and street selling-tables—there was everything that could possibly persuade, induce, convince, exhort the easy-going citizen to do his duty in the hour of danger.

Early in the game the Liberty Loan committee organized the various groups of workers. In every factory, corporation, store, there were those whose entire interest was centered upon the loan. The Boy Scouts did splendid work, turning in a half million dollars, and the school children in their drive netted \$1,300,000. Real estate agents and insurance men gave from a week to ten days of their time to working up subscriptions, and no agent ever sold life insurance with more vim and vigor and whole-souled purpose than did the insurance men sell these bond policies against Prussian domination. The "movies" lent themselves wholeheartedly to the work, and the world-famed studios of Los Angeles were the scene of an active drive. Douglas Fairbanks, Charlie Chaplin, Mary Pickford and other famous stars subscribed liberally themselves and did much personal campaign work. Millions of dollars were raised among the studio people, and in every showhouse a four-minute man representing the Liberty Loan committee spoke, aided by some movie star whose personal appearance at the theatre drew hundreds of people to the show. Where only sixty



Crowds outside the Los Angeles Trust and Savings Bank during the last minute Liberty Bond subscription drive

men had volunteered their services for Los Angeles' first drive for Liberty Bonds, the second campaign found over two hundred willing, earnest, enthusiastic Americans anxious to lend their best efforts to the work.

#### NEWSPAPER ADVERTISING CAMPAIGN

During the interval between the first and second Liberty Loans the Los Angeles Trust and Savings Bank ran a series of eight newspaper advertisements entitled "Silver Bullets," inspired by Lloyd George's famous sentence, "We have won with a silver bullet before." Each advertisement showed the part that national thrift as practiced in some one of our allied countries was playing in the war—then drew from these facts the lesson Americans must learn, the economy they must practice, if their country is to do her full part. Samples of the "Silver Bullet" advertisements appear with this article.

Then came the time when the whole country was ablaze with the urge that

official Washington had sent forth to patriotic Americans. The Second Liberty Loan must be a success. The floating of that loan was the country's chief business. Everything else must be subordinated to that task. Realizing the great national need, the Los Angeles Trust and Savings Bank stepped into the advertising arena and synchronized its publicity to the demand of the moment.

When the final bugle call sounded for the Second Loan, therefore, we ran another human interest series, with advertisements written especially for us by well-known persons. Ex-Ambassador Gerard was in the city at the time, speaking publicly two or three times each day on his experience in Germany, and in his genial way was most willing and happy to assist an institution that was putting aside selfish interest for national welfare. Our first advertisement, therefore, was headed: "Gerard Says." Next came a message from our mayor: "Mayor Woodman Says," and this was followed by one

"We have won with a silver bullet before."—Lloyd George.

# Silver Bullets



Representative  
Coins of England

In England before the war 300 of every 1000 persons were savers. Bank deposits averaged \$25.82 per inhabitant. To the first war loan of \$1,750,000,000 in November, 1914, there were only 100,000 subscribers. To the last great Victory Loan of \$8,000,000,000 there were 8,000,000 subscribers.

What caused this tremendous increase in national interest, this wonderful financial support from every part of the Kingdom in the carrying on of the war? It was **THRIFT**—the habit of saving and investing, formed by a whole people, united by one great purpose.

**EVERY** dollar you deposit in this strong bank is a silver bullet, doing its part to strengthen your nation's wealth—helping to win your war. Begin today to save.

Cut out this advertisement and present at Window 52 for your copy of our Free War Map.

The Bank for Everybody  
**LOS ANGELES TRUST AND SAVINGS BANK**  
Capital \$1,500,000  
Surplus \$1,800,000  
6th and Spring Sts.

Branches at Pico St. and Grand Ave., 2d and Spring Sts., 1235 S. Main St.

"We have won with a silver bullet before."—Lloyd George.

# Silver Bullets

French  
Coins

**THRIFT** is one of the strongest national traits of the French people. Statistics compiled before the war show that 346 out of every 1000 persons had savings accounts, averaging \$28.36 for each inhabitant. For generations even the peasantry of France have been bond holders, and today there is scarcely a Frenchman who is not an owner of "rentes," the popular 5% government bond.

**A** MERICA needs silver bullets to win this war! Help supply them by saving your money regularly and putting it into active service.

Money in a savings bank or invested in government bonds is in active service, earning interest for you and helping to keep business going.

A single dollar will start your savings account in this strong bank.

The Bank for Everybody  
**LOS ANGELES TRUST AND SAVINGS BANK**  
Capital \$1,500,000  
Surplus \$1,800,000  
6th and Spring Sts.

Branches at Pico St. and Grand Ave., 2d and Spring Sts., 1235 S. Main St.

Two of the "Silver Bullet" ads inspired by Lloyd George's famous utterance, "We have won with a silver bullet before"

beginning: "Billy Sunday Says." The great evangelist, who was in Los Angeles making the most momentous soul-saving campaign in his career, stepped aside for a moment from his pursuit of Satan to write for the exclusive use of this bank a Liberty Loan message that drove into the hearts of his thousands of admirers the need for practical concerted action by all disciples of peace and human liberty.

These were real, red-blooded American advertisements. They got right beneath the cuticle of Los Angeles folk and made them not only "sit up and take notice," but begin to realize their own part in the work. The cartoonish borders had the necessary attention value, as had the pictures of the personages whose signatures appeared under the text. Several of these advertisements are reproduced herewith.

## THE RESULTS

With the publication of both these series of advertisements the bank be-

gan to see results promptly—primarily for the loan, but incidentally for the institution. Interest in the bonds grew as our messages were sent broadcast day after day in the Los Angeles newspapers, and people naturally came to this bank to get information and to make subscriptions. Don't think, however, that we preached the gospel of bond buying so strenuously that we forgot our own patriotic duty. No, indeed—the bank subscribed a million dollars of its own funds to the Second Liberty Loan.

But the final drive, made on October 28, the closing day of the loan, was our crowning achievement. We are essentially a human bank: We do not hesitate to step aside from the road of so-called "dignified" bank advertising to explore a new path to our goal. On this occasion, we surely went far afield—but we captured the enemy's trench!

Looking back upon the eventful day,

But do not think that sentimentalism ran away with us. We were there with business-getting ideas, too—regular circus stunts they were, but admissible at such a time, and surely productive

**The Mayor and Distinguished Guests unite in supplying copy for the advertising campaign**

of money-getting results. There were bands of musicians who inspired the crowd with martial music, while soldiers and sailors detailed from Fort McArthur by the genial Col. Blake lent a patriotic atmosphere to the scene. From frivolous Venice of America had come Col. Pryor's calliope, the noisiest contraption that ever struck Spring street. The popular officers of the bank were on hand—President J. C. Drake, himself an old Annapolis man, whose name is connected with every patriotic undertaking; Vice-President Motley H. Flint, "the human dynamo," one of the best-known Shriners in the country, who has managed all large conventions held in Los Angeles during the past twenty years, and whose ge-

nius has conceived and carried to glorious accomplishment the wonderful fiestas for which Southern California is famous; Judge William Rhodes Hervey, vice-president of the bank and Grand Master of the Masons of California—all were there to do their part.

Through the afternoon and evening speakers augmented the patriotic inspiration of the music by persistent money-getting appeals to their audiences. These speakers were furnished by the local Liberty Loan committee, who sent their very best men to help us in the drive for last-minute subscriptions. They were enthusiastic young Americans, who exhorted their hearers by every conceivable dramatic means to "come across." Their talks were of such variety that they appealed to men of every character, every grade of intelligence, and before the afternoon was far advanced, the bank was crowded with Liberty Bond buyers.

The crowds inside the bank soon became so great, however, that it was necessary to place tables in the vestibules and portico, where a part of the employees who had volunteered their services received the subscriptions. Young women employees of the bank aided the masculine force in passing through the crowds and asking everyone without a Liberty Button to buy a bond. That personal appeal brought wonderful results. In six hours two thousand subscriptions were taken.

All through the long afternoon this patriotic revival continued, with rising enthusiasm. It was a continual round of music, oratory and intensive personal appeal—a day filled with patriotism and human interest, a bit of pathos and much of comedy here and there. A vigorous young blonde sailor from one of the German warships interned at the beginning of the war, whose youth saved him from the internment camp, walked up to the window and said to the teller: "I have fought against doing this, but I can't help it. I must buy a bond, for I know that America should win this war, and while I have brothers and cousins fighting against her, America is my country now. After

three years here I see the real reason for it all. My eyes are open now, and I must help this country fight her battles. If Germans at home only knew Americans and the real kind of a country this is, they would drop their old Kaiser and join us." Patriotic fervor ran so high that when the single inevitable unpleasant incident of the day occurred, and a recreant young chap who was sought to subscribe roughly thrust his solicitor aside with, "To hell with the United States Government," he was immediately set upon by the middies and held for the officers. The sequel of this incident took place in the local police court several days later, when the culprit was sentenced to pay a fine of \$50 or serve fifty days in the city bastille.

Saturday night came. From all parts of the country we heard that the Liberty Loan was a huge success, that Americans again had shown their faith, their sincerity, their purpose. Enthusiasm ran high, and we meant that no possible chance should prevent Los Angeles from ranking high as a fighter for freedom. So several of the speakers, accompanied by bank tellers to take subscriptions, and sailors and soldiers to give the military touch, went from one cafe to another, including also the beach resorts. Everywhere they were accorded not only a hearing, but a cordial welcome. Many more subscriptions were taken, and much publicity incidentally given "The Bank for Everybody."

When the results were known, Los Angeles came out with a score of \$35,459,700, exceeding her allotment of \$23,699,000 by \$11,760,700, and the people who had striven to realize their faith in their fair city felt amply repaid. Uncle Sam had called, and Los Angeles had answered plainly.

#### BENEFIT TO THE BANK

"But," the cold-blooded banker will be inclined to ask, "what did the Los Angeles Trust and Savings Bank get out of it all?" The bank did not go into this campaign from any selfish

motive. It went in with no thought of its own interest, aside from the benefits that would accrue through its country's welfare. The bank went into the work solely to do its patriotic duty. But its reward was one that should drive a lesson home to every bank in this country.

Looking at the campaign from a standpoint of personal benefits received, our patriotic work made this bank the center of the Liberty Loan activity. The Los Angeles Trust and Savings Bank rolled up a total of \$5,575,450 in subscriptions, a gratifying result when one considers that there were fourteen banks in Los Angeles receiving subscriptions of the city's total of \$35,459,700. That final drive of one day alone was worth thousands of dollars in publicity value to

our institution, and in actual, tangible "bring-in-the-money" results. Newspapers devoted considerable space to the event, running pictures of the crowds and emphasizing the splendid results of the bank's efforts. Thousands of people in Los Angeles still are talking about our achievement.

As a direct result of our work we can trace the opening of seven hundred and fifty new accounts, brought to us during the campaign and after its close by loyal Americans who were drawn to us because of our patriotic activities. We are known as the "patriotic bank" of the city, and no one doubts that whatever the future demands of our Government may be, this bank will "go over the top" with the help necessary to bring the victory that alone will "make the world safe for democracy."

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## "America First"

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By HARRY T. JONES, Chief Clerk Market and Fulton National Bank of New York

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**W**HAT is known and accepted as the popular idea of patriotism is the showing of the love one bears for the privilege of enjoying all the benefits which this great nation affords. With all due credit given to every man, woman and child for the spirit in which they have endeavored to uphold the country's honor and glory, yet there seems a phase of scientific patriotism often misunderstood by those who are not close students of economic problems. A frequent misconception by those of us who are attending to the every-day business of the country lies in the fact that we regard our patriotism sufficient if we have bought our quota of Liberty bonds and in other ways shown our appreciation of this land of the free. Intelligent giving

and appreciation of one's own personal efforts are fundamental qualifications for the unalloyed practice of patriotism in these times when our nation needs it most.

### FAITHFUL WORK

One of the greatest obligations which we owe to our country, at the present time, is our capacity to work faithfully and with enthusiasm at the daily business tasks with which we are confronted. Furthermore, we must apply this capacity mightily and relentlessly until the war's conclusion, if we would reap the full benefits accruing from America's victory. Allied to this ~~an~~ true conception is the contention that no false estimate of the custom of paying for extra effort in business should

alter the determination of the patriot to do his or her full share, every minute of the business day. Work—the vital elements of America's existence—will be the keynote of our success in fighting for a world of democracy.

The giving to one's employer of unstinted and unselfish effort is a matter of great importance, if we are to consider what constitutes patriotism on a basis of united economic power. The service we render to our country, while performing extra business duties with good grace and alacrity, is greater than can be measured in money, and good, true, American patriotism needs no monetary recompense. Our country needs from ten to twenty million faithful energetic workers at home, to make effective any army it puts in the field. War is opportunity—patriotic opportunity. American industries will not be slowed, but quickened, by the great struggle, and our nation needs you—a trained, skillful and willing you.

#### TRIALS OF THE BANKER

The American banker to-day is experiencing some of the most difficult and trying episodes in his career. On the one side there is a tremendous increase in the demand for banking service, growing out of unprecedented governmental activities and a highly stimulated use of the banking institution in commercial circles. On the other side is the inability of the banker to supply himself with the adequate equipment staff necessary to give the increased capacity in the abnormal condition of business. There are many things which we can do individually in the interest of patriotism, and we must in a measure make up in effort, in zeal, in patience, in courtesy, and in all the graces and virtues that pertain to the banking business, for those things which the influences of the war have brought upon us. In other words, while we are hampered and buffeted by an unseen force which we cannot control, we are still masters of our own selves—we can still catch the spirit of patriotism in the inspiration of a high resolve, and the banking community must be assured

that it will be given the best service that human effort can produce in the face of such adverse circumstances. Never did individual responsibility rest so heavily upon us as it does to-day. Let us demonstrate the proposition that while the bank is hampered by its inability to obtain the full physical equipment, it has a reserve supply of human energy, intelligence and determination, upon which it may draw in this critical period.

Business conditions seem likely to continue at high pressure for some time into the future. The times are abnormal in many ways, demanding careful planning and intensive thinking. The man who does not adapt himself and his business or job to suit the exigencies of the hour, falls by the wayside. If peace, much hoped for, should come in the manner America prescribes, it will bring new problems. Foresight, the rarest thing in business and the most valuable, should be the watchword of every one, be he banker, business man or clerk.

#### THE CHEERFUL AND HOPEFUL MAN

Tell a healthy man day after day that he is looking badly because he is working too hard, and after awhile he will believe he is sick and will be sick. In the same way, if everybody keeps saying that business is being kept up-to-date and is proud of his effort in keeping it so, it becomes an optimistic and patriotic endeavor which bears fruit the minute it is put forth. The men who succeed best in life have always been cheerful and hopeful men, who went about their business with a smile on their faces and took the changes and chances of this life like men, facing rough and smooth alike, as it came. No man ever built the best business in his town who did not really want to, and want to for some time, before it became a reality. Nor did any man ever do so, actuated solely by his desire to make money. The one thing that makes a business or job grow and prosper is the love of your work, the joy of succeeding, apart from the financial reward. And to all this one now has a

chance to add the motive of eighteen karat patriotism. He who works for the business preparedness of our country serves the nation equally as well as the men in the trenches.

Are we willing to do a little extra work in our daily business, toward the welfare of our country? If not, let us not claim to be patriots because we wave flags and sing "The Star Spangled Banner." Every business man, every clerk, every workman, should realize that he is practically working under a handicap, and that if he wants to help bring America home a winner in the relay of nations, he must "do his bit" and a little bit more of some one else's. And it is just that "little bit more" that counts in the victory, the "little bit more" that brings out the best that is in us, the big work that each of us can do if we will only go at it, the "then some" of our efforts which will bring success to America in her fight for world democracy.

The American banker to-day steps into his institution, each business morning, knowing and realizing that the greatest responsibility of the nation rests upon his shoulders. He has been delegated to the job of helping to finance war operations upon a scale so gigantic that it is almost beyond human conception. How well he has risen to the task is only too well known and appreciated. But he must have helpers to accomplish his object; unselfish, tireless and enthusiastic workmen, who will give their unstinted effort to him in a situation where it will develop into the biggest factor in bringing the war to a successful conclusion. Also, a fact not to be overlooked, is that those who bend their energies to help at this critical time will benefit enormously by the devotion of their time to their object, inasmuch as they will be absorbed in acquiring a keener insight into the business of banking, learning to do their work more accurately, instilling enthusiasm into it, and almost unconsciously advancing themselves in the art of their chosen profession.

#### TOILERS IN THE RANK

An argument may be advanced by some that they are so far down in the rut of business routine that their efforts would not be noticed by officers in command of an institution. Yet some of our greatest captains of industry will inform you that they are interested, and are anxious to note the actions and work of men performing the simplest of tasks in connection with the business activity of their corporation. Another proof that one's merit is exposed to his employer's view is the fact that inaccurate, careless methods always draw attention from officials alert to note discrepancies. By the same mode of deduction, is it not reasonable to suppose that these same officials will be cognizant of commendable effort, delivered by a man far down the line, just as well as being able to discern that which is not commendable? Above all, analyze the effort which you are making, to see if it will bear the scrutiny of unselfish desire; in other words, find out what has aroused your patriotism and effort and impelled you to do your bit for your bank and your country. The measure of success we attain in attempting to progress depends entirely on the basic principle of "I want to" and the realization of how much determination one wishes to expend on the idea.

Starting the business day with the perfectly working thought-model of "I want to" will assure one of absolute accomplishment in the promotion of an effort in patriotic resolve for his bank and his country. The imperfect custom of damning the day before it has really started will, in turn, most naturally provide irksome and arduous duties destined to be looked upon with a feeling of reluctance and oppression. So it is, that these hard, two-fisted facts—real truths at the bottom of the argument or subject—must be unequivocally answered before one can decide whether or not his work is the praiseworthy effort of a patriot or just the performance of a routine duty in order to gain the wherewithal for sustenance.

The business of banking, to the interested worker, is the technical un-

raveling of a business problem. To the uninterested, it is merely arithmetic done in a perfunctory manner. I believe that the enthusiastic banking man who arrives, is the one who knows where he is going and why he is headed there. Of course, some reach a given point by traveling up one side of the banking world and down the other, but if you analyze their accomplishments you will find that they work on a plan that changes with the necessities of each front door through which they pass. The rover satisfies a demand—the settled, calculating hard thinker creates one. It is quite obvious that in knowing the name of your station to which you are apparently headed, in banking life, will prove somewhat of a factor in helping one to catch the right train. Efficiency is the ticket which entitles you to make the journey, and must be shown to officials, who are always ready to ascertain whether you possess it or are simply riding on a pass.

There are thousands of us who wonder why we are so tired at night, why we accomplish so little, why we overlook this and neglect that, why we cannot get more done. And all the time the only thing that is the matter in the world is that we have neglected our power-house of efficiency. If our enthusiasm is lacking, we have let the pits

fill, we are trying to burn slate instead of coal, we have the drafts closed up tight so that whatever fire is inside will not burn. Yet if one is seeking advice upon the subject of becoming an efficient patriotic banking individual, let him get really acquainted with his job, and become saturated with facts about his work. After that, practice thinking and doing one thing at a time as well as you can and with the least fidgets or flurry. And all the while remember that you are here only a short time and, according to the best authority, you will be a long time dead. The moral is to put your best foot forward now.

Our national emblem, "Old Glory," flutters in the breeze as a symbol of protection to all worthy efforts of mankind. In this wonderful nation all men are equal and have an equal chance to make good. But the individual must know himself. The man who studies and sincerely analyzes himself, learns all he possibly can about the vocation of banking, automatically advances to a higher plane and exhibits a most natural degree of patriotism to his country. The present is the time when every man has his own row to hoe, and the only modern up-to-date way is to "dig in." Putting it over in business is just as simply as in tennis—provided one has the same enthusiasm.



*"To rest content with results achieved is  
the first danger signal of business decay"*

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# Banking and Commercial Law

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## CASE COMMENT AND REVIEW

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### Directors Who Do Not Direct

**D**IRECTORSHIP in a bank is an honor, a privilege and a responsibility. It is a reward for becoming a "substantial citizen," and deemed worthy of administering the affairs of a corporation handling the funds of other people as its own, but for their accommodation and benefit. This honor is often lightly esteemed and carelessly administered, and lawsuits and losses frequently attend such a loose conception of the duties and responsibilities of the office.

In assuming such duties, the director is charged with (a) good faith and reasonable care. He takes oath of office that he will use such care. He is also charged with (b) the duty of keeping the bank within the law, particularly with respect to the loans, which are limited to a certain proportion of the bank's capital and surplus. He cannot accept the honor and deny the responsibility. The one goes with the other. He is required to take an active interest in the bank's affairs; to attend the meetings, and keep the bank within the law—not as he understands the law, but as the courts construe it. If he fails to acquaint himself with the details of management, he cannot excuse himself by claiming that he did not know, or did not attend the meetings, or lived so far away that he could not conveniently attend the meetings. He is liable for what transpires with his assent as well as his consent.

A recent instance illustrates the attitude of the Comptroller of the Currency on this question. In a certain bank a number of years ago there was purchased a block of railroad stock of the highest type, but nevertheless an illegal investment. It was done with

consent of the board. In due course it was reported to the department, but the market had declined so that loss would have resulted had a sale been made, and time was asked for in order to avoid the loss. It was granted from time to time, the market in the meantime going still lower, and the loss consequently greater. The bank has now been given absolute orders to sell the stock, even though the company has never failed in its seven per cent. dividend, and assess the loss upon the directors, who at its purchase authorized the investment, although not one of the original board remains.

The liability of directors in this regard is well stated by the United States Supreme Court in the case of *Briggs vs. Spaulding*, as follows: "We hold that directors must exercise ordinary care and prudence in the administration of the affairs of the bank, and that this includes something more than officiating as figureheads. They are entitled to commit much of the actual banking business to the cashier, president and other officers, but this does not absolve them from the duty of reasonable supervision, nor ought they be permitted to be shielded from liability because of want of knowledge of wrongdoing, if that ignorance is the result of gross inattention."

See *McCormick vs. King* in this issue.



### Check to Fictitious Payee

The burden which is thrown upon banks by depositors in issuing checks is not only a heavy one but dangerous. The attitude seems to be this: "Not being sure, I will let the bank take the risk." Take, for instance, the case of

one whose identity is not established and who desires payment. The debtor in order to protect himself will draw a check to the order of the creditor and put it up to the bank to properly identify the holder as the true owner; and failing in this to make good to the drawer.

There is also the danger of fraudulent impersonation. For example, one having a deed to real estate and assuming to be the owner, will not find it difficult to obtain a mortgage loan. The deed is his identification. In drawing the check for the loan, the lender assumes he is making it payable to the true owner, and may subsequently discover that he has been deceived. And a bank cashing the check for the impostor would undoubtedly be held liable. Take a case like the *Guaranty State Bank and Trust Company vs. Lively* in this issue. Here one Weil represented himself to be agent of one Crawford, a fictitious person. He desired a loan for Crawford. He offered Lively Crawford's note with security acceptable to Lively, who thereupon drew his check to Crawford. Weil deposited the check in the Guaranty State Bank and Trust Co., and drew it out on checks signed by himself as "E. Crawford." The name "E. Crawford" was fictitious and used by Weil as a subterfuge.

Weil was an impostor and Lively put upon the bank the burden of satisfying itself that the check drawn to Crawford would be properly applied, and failing in this, to make good any loss that resulted. The court says this is a point of law new to the Texas Courts, as it will be to many individuals. Briefly stated the law applicable to the subject is as follows: A check made payable to a fictitious person with the knowledge of the maker is payable to bearer, and a bank which pays the check will be protected in its payment to any one presenting it. But a check which is payable to a fictitious person without the knowledge of the maker is not payable to bearer, and it is the duty of the bank before paying it to ascertain the existence and identity of the

payee, and failing to do so, to refuse its payment.



## Notes Based on Deceptive Statements

The schemes that have been devised to increase the sales of retail merchants are legion, and a new one is born every day. Some are ethically proper and some of doubtful worth ethically or practically. Some are dignified and some are ludicrous. Somehow they all seem to get a trial. We present one in this issue, whether dignified or not, is not the point at issue.

A certain merchant contracted with a firm for the installation of a player piano, silverware and jewelry, and an advertising plan for which he issued his notes under an agreement and indemnity bond that the sales would be increased from \$21,000 to \$26,000, and if not certain cash compensation should be forthcoming to the retailer. The scheme evidently failed of its purpose and the suit resulted, the retailer claiming that the results were not as guaranteed, and he could not be held on his notes and the seller of the plan that he had been deceived as to the amount of sales (which were but \$13,000 the previous year); and having deceived the seller as to the amount of sales, the court held the notes were collectible. (*Brenard Mfg. Co. vs. Brown.*)



## Leading Cases

### Liability of Directors

U. S. COURT

*National Banks—Duties of Officers and Directors—Overdrafts*

U. S. Circuit Court of Appeals, Ninth Circuit, June 4, 1917

MCCORMICK vs. KING

Where the managing officers of a national bank allowed certain depositors to continuously overdraw, taking notes for the over-

drafts without adequate security, until the indebtedness in each case exceeded the limit fixed by the statute, and were permitted by the directors to continue such course until the bank became insolvent, the liability of the directors is not limited to that prescribed by Rev. St. section 5239 (Comp. St. 1916, section 9831), for knowingly violating or permitting the violation of the provisions of the statute, but is measured by the rule of the common law, which requires active and diligent performance of their duties, and they are liable not only for the excess of such loans above the legal limit, but for the entire loss thereon, with interest.

Suit in equity by Frank R. McCormick, receiver of the First National Bank of Salmon, against Harry G. King, Norman I. Andrews, George Buck, Guy E. Bowerman, Fred G. Haveman, John Lottridge, and E. S. Edwards. From the decree, complainant appeals. Reversed.

#### STATEMENT OF FACT AND OPINION

Hunt, Circuit Judge. This suit was brought by McCormick, as receiver of the First National Bank of Salmon, Idaho, against defendants King, Andrews, Buck, Bowerman, Haveman, Lottridge, and Edwards, to obtain an accounting of the affairs of the bank, and to determine the liability of the respective defendants, and for judgment against the defendants, respectively, according to their respective liabilities, and to recover money alleged to have been negligently wasted and lost and illegally received by the directors, and for general relief. In January, 1912, after suspension, the Comptroller of the Currency assessed the stockholders to the full face value of the shares of stock of the shareholders, respectively, amounting to \$50,000, of which amount \$20,000 was paid to the receiver, but owing to the insolvency of a number of the shareholders the receiver will be unable to collect approximately \$20,000 of the assessment, and after realizing on the assets of the bank there will be a deficiency of approximately \$20,000 of unpaid obligations.

The defendants King, Andrews, and Bowerman were members of the board

of directors at the time of the organization of the bank, and continued to be directors until the receiver took charge. King was president, except during the year 1908, when he was cashier and general manager. Andrews was vice-president from January, 1908. Buck and Lottridge (not served) were directors from and after November 17, 1909, and up to the suspension of the bank; Lottridge having been acting cashier from January 1, 1910, until June 8, 1911. Haveman was a director and assistant cashier from January 18, 1910, until the failure of the bank. Edwards was a director from May 15, 1906, until January 18, 1910.

The complaint is that the defendants, as directors, knowingly permitted the making of loans by the officers of the bank in excess of the limit provided by section 5200 of the Revised Statutes of the United States, whereby large sums were lost to the bank, and that they mismanaged the affairs of the bank, and negligently permitted overdrafts whereby loss to the bank will accrue. The answering defendants denied any liability.

For convenience we quote, so far as material, sections 5147, 5200 and 5239:

"Section 5147. Each director, when appointed or elected, shall take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this title," etc.

"Section 5200. The total liabilities to any association, of any person, or of any company, corporation, or firm for money borrowed, including, in the liabilities of a company or firm, the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed."

"Section 5239. If the directors of any national banking association shall knowingly violate, or knowingly permit any of the officers, agents, or servants of the association, to violate any of the provisions of this title, all the rights, privileges, and franchises of the association shall be thereby forfeited. Such violation shall, however, be determined and adjudged by a proper circuit, district, or territorial court of the United States, in a suit brought for that purpose by the Comptroller of the Currency in his own name, before the association shall be declared dissolved. *And in cases of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person, shall have sustained in consequence of such violation.*"

The by-laws of the bank, adopted October 9, 1906, contained, among other things, provisions requiring the directors to hold regular meetings on the first Tuesday of each month and special meetings as the president, cashier, or any three or more members might require. There was a provision for a loans committee, consisting of the president, one director, and the cashier, with power to make loans, discount bills, buy and sell bills of exchange, and whose duty it was to report at each regular meeting of the directors concerning all bills and other evidences of debt discounted and purchased by them for the bank since their last previous report. Section 19 of the by-laws forbade any officer or clerk to pay any check drawn, or to pay out money on any order, unless the drawer of such check or order, at the time of the presentation thereof, had money on deposit sufficient to meet such check or order. Section 29 provided for the appointment by the board of directors of a committee of three members to examine each month the affairs of the bank, compare its assets and liabilities with the accounts of the general ledger, ascertain if the accounts are correctly kept, the condition of the bank, whether

in sound and solvent condition, and to recommend to the board such changes in the method of doing business as might seem desirable, the result to be reported to the board at its next regular meeting. Thereafter, on January 18, 1910, the by-laws were amended so as to require the board of directors at each monthly meeting of officers to examine and approve all loans and discounts, and provided that such approval should be kept in a book for that purpose. King and Andrews were present at the meeting.

Three matters became important upon the trial and are specially dwelt upon in the briefs of counsel. The Salmon Lumber Company was a corporation, the controlling interest in which was owned by the relatives of defendant King. Commencing back in 1910, it had borrowed money from the bank at various times, and was permitted to overdraw its account in large sums. The amounts of the overdrafts were put into notes, and when the bank suspended the lumber company owed notes to the bank for about \$13,629.20 and accrued interest amounting to \$5,408.62 at the time of the trial of this suit in 1915. The District Court found that the loss on these loans would be \$7,000. Loans to Harry Brown amounted to \$11,760.25 and \$5,234.81 interest. Brown was an old customer of the bank, and, like the Salmon Lumber Company, was in the habit of making overdrafts, which were covered by notes taken in January, 1911. Brown was a lumber merchant, and coöperated with the Salmon Lumber Company and others in trying to control the lumber business in the Salmon section of Idaho. After suspension of the bank the receiver brought action and obtained judgment against Brown for \$18,493.39 due to the bank, but execution upon the judgment was returned unsatisfied. The District Court found that the loss upon the debt of Brown would be \$11,760.

There were loans to F. M. and S. A. Pollard, evidenced by two notes—one for \$6,250, dated June 29, 1910; the other for \$1,700, dated July 11, 1910. The interest on the notes aggregated \$3,626.42. The receiver recovered

judgment, but only \$150 was realized on execution. The District Court found that the loss on account of these notes was \$7,800. The total amount of the losses, as found by the District Court, aggregates \$26,374.85, exclusive of interest and some costs. With interest, the amounts are brought up to \$40,644.70 as of the date of the trial. There were also losses of about \$3,900 from overdrafts by different persons, but the District Court took no account of them, and we shall not.

King and Andrews were present at nearly all the board meetings, and in 1910 Andrews was paid a salary for aiding the board in passing upon loans. They both knew of the large amount of overdrafts, which in the last half of December, 1910, had increased to \$23,805.63, and on January 10, 1911, exceeded \$28,657.91, although at the time the bank suspended the overdrafts were \$9,800. The two were active in managing the affairs of the bank, were on the committees of loans and discounts, and of course were fully aware of the by-laws (section 19), which forbid overdrafts. King said, in effect, that all his actions had been in good faith; that the Salmon Lumber Company did a large business, had assets, and seemed prosperous; that from time to time it made overdrafts, but that notes were given to cover such overdrafts; and that in this way the notes standing when the bank failed were contracted. Concerning the Brown loans, he said that Brown would often overdraw his account by giving checks to pay his men, and would later give notes to cover the amounts overdrawn as they had accumulated; that Brown was doing a good business, had a large contract, and he believed was making a profit, and could meet his obligations. With respect to the Pollard loan, he said that one note for \$6,250 was the accumulation of prior notes, and the \$1,700 note was to cover overdrafts; that he took the notes of Mr. and Mrs. Pollard, because Pollard had a building contract and a brickyard, and agreed to reduce his debt as brick was sold, but that, because of general depression, the sale of brick became less, and realty values de-

preciated; that Pollard had to place a mortgage upon his property, and that the bank could only secure a second mortgage, under which, after foreclosure of the first mortgage, the bank lost by the transaction.

Witness said he knew Mrs. Pollard owned considerable land, and thought that she was solvent and good for the money loaned to her and her husband. When his attention was called to the fact that there were no entries of these several loans on the discount register (a book required to be kept by order of the Comptroller of the Currency), King said that, as the notes were given to cover overdrafts, and not direct loans, he did not treat them as "specific loans;" that he did not confer with the board of directors about these loans in the matter of overdrafts, but that on July 6, 1910, at a directors' meeting, a statement showed an aggregate of \$17,138.85 as overdrafts, and that, while no items were made, the loans above referred to were included. When he was asked by the court to explain the allowing of overdrafts in the face of the by-law prohibiting them, King said that overdrafts were customary in all national banks; that the by-law forbidding them was simply a copy of the by-law of some other bank; that at the directors' meetings there was no discussion of overdrafts being in violation of law; that he tried to keep them down, but that they would "crop in." We quote from the record:

"When a check comes in, you have either got to throw it out or pay it, and it would work a detriment to the party, and it would injure your own business if you throw them out, and you feel at the time that there is no question but what they will be paid in the future; and we were in the habit of letting people overdraw their accounts, sometimes, when they were starting out to buy a bunch of cattle, maybe, not knowing how much they would want.

"The Court: What I want to ask you more particularly is about these three or four accounts, the more important ones, the Pollard matter, and the Salmon Lumber Company, and the

Brown matter. I think that you explained that these notes were given to take up accumulated overdrafts from time to time? A. Yes, your honor. Q. Were these overdrafts permitted without a previous arrangement, or in accordance with a previous arrangement? A. Just between myself and the parties. I told them that, if they would draw their checks on us, I would honor them. Q. That was done before they drew the checks, or afterwards? A. Done before they drew the checks; but I never anticipated that the thing would reach the proportions that it eventually did. But I got hold of it, and I sort of had to hold it up, but it got so large—I wasn't anticipating to advance them this money and let them draw on us for it. They couldn't tell how much lumber was coming in, and they couldn't tell how much money they would want to use. I let them draw on the bank, and at the end of the month they would come in and cover it with a note, and I gave them the privilege of overdrawing their account, and that is customary in a great many banks."

Defendant Bowerman's position is somewhat different from that of King and Andrews. As already stated, Bowerman was a director from the organization of the bank in 1906 until the receiver took charge, but he had no executive position in the bank, never attended a meeting of the board of directors, and in fact never personally assumed any authority or control over the officers of the bank. He did nothing whatever in connection with the bank or its affairs. He was a business man, who lived at St. Anthony, Idaho, 200 miles distant from Salmon, where the bank was situated, and the evidence is that it would have been more or less inconvenient for him to make the trip necessary to go to Salmon to attend directors' meetings. Evidently he had confidence in those who directly managed the affairs of the bank, and never gave personal concern to his directorship or its attendant obligations.

Appellee would have us regard the action as restricted to one for the violation of the particular statutes heretofore quoted; but we think the complaint

must be looked upon as broad enough to charge liability, not only for violation of the terms of the statutes quoted, but of the common-law duty to be honest and diligent. For example, after averring that the defendants King, Andrews, Bowerman, and others knowingly permitted and assented to the making of the loans to the Salmon Lumber Company, Brown, and the Pollards, which were in excess of the limit provided by section 5200, the complaint alleges that King, Andrews, and other directors, at the meetings of the board each month between January 18, 1910, and March, 1911, personally passed upon and knowingly approved each monthly statement of excessive loans which had been made through the president, Andrews, and the cashier, charged with the management and the conduct of the affairs of the bank, and wilfully, negligently, and knowingly permitted King and Lottridge to make the loans to Brown and to the Pollards, whereby the funds of the bank were lost; that the moneys as aforesaid loaned to persons or associations who had no sufficient assets or security to give were negligently loaned, and that defendants negligently permitted overdrafts to certain persons.

It is averred, too, that Bowerman, notwithstanding his oath as a director that he would diligently and honestly manage the affairs of the bank, and would not willingly permit any violations of law in the conduct of the bank, carelessly, willfully, and negligently failed to attend any meetings of the board of directors during the entire time of his directorship, and willfully, carelessly, and negligently failed during the entire time of his directorship to discharge the duties and obligations as a member of the board of directors in examining into and keeping well informed concerning its affairs, and particularly the loans made by the bank, and willfully and negligently failed to exercise proper, or any, supervision as a director of the affairs of the bank, but that, on the contrary, during the time the affairs of the bank were being "grossly mismanaged," with knowledge, from the published statements of the

bank, required to be furnished by the Comptroller of the Currency, and from other sources, that the affairs of the bank were being grossly mismanaged, and that excessive and illegal loans were being made, negligently and willfully permitted King and Lottridge to make such loans, and particularly the loans to the Salmon Lumber Company, to the Pollards, and to Brown.

The proofs showed the frequent allowance of large overdrafts to the three borrowers heretofore specially referred to, and that at times the respective amounts owing by such persons respectively exceeded one-tenth the amount of the capital stock of the bank. It is no defense, in an action of this character, for the officers who were in direct charge of the affairs of the institution that the by-law, which forbade the payment of checks unless the drawer had funds on deposit sufficient to meet such check, was copied from the by-laws of other banks, and that notwithstanding such by-laws other banks also often allow overdrafts. In the first place we are unwilling to accept the general statement of Mr. King, the president, as correct.

No other banker was called upon to testify to such a custom, and we are disposed to look upon the testimony as but an effort of one overzealous to help excuse himself for his own conduct in the premises, and whose excuse is incompatible with the presumption that bank officials well and truly exercise their duties and keep within the limitations of the by-laws which have been regularly adopted. In the next place, even if it were true to an extent, such a practice would be no authority for bank officials to allow customers to overdraw in sums and incur liability in excess of one-tenth of the amount of the capital stock of the bank paid in. For months before this bank failed the frequent payment of large overdrafts must have made it apparent to the loan and discount committee of the bank that, if such acts of the officers were continued, it would mean a sacrifice of the interests of the stockholders. But the president and vice president and cashier went on in the practice of de-

parture from duty, and suspension followed. We can therefore reach no conclusion other than that the acts referred to were not mere errors of judgment, but were in gross mismanagement of the bank, for which the defendants King and Andrews are liable under the general principles of the common law, as well as under the statutes heretofore quoted.

The statutory liability of directors of national banks, as provided in section 5239, is undoubtedly the exclusive rule by which to measure the right to recover damages from directors based upon a loss alleged to have resulted solely from violation by such directors of a duty expressly imposed upon them by a provision of the National Banking Act. This was directly decided in *Yates vs. Jones National Bank*, 206 U. S. 158, and is approvingly referred to in *Thomas vs. Taylor*, 224 U. S. 73. But in the former case the Supreme Court was very careful not to announce any rule whereby the law will relieve directors who are the active officers of the bank, and who knowingly and deliberately and repeatedly commit acts of such negligent management that the result has forced the bank into liquidation. In the case cited, *supra*, the court said:

"That the words 'shall knowingly violate, or knowingly permit,' etc., found in the first sentence of section 5239, Rev. Stat., were intended to express the rule of conduct which the statute established as a prerequisite to the liability of directors for a violation of the express provisions of the title relating to national banks, is additionally shown by the oath which a director is required to take, wherein, as already stated, he swears 'that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such association, and will not knowingly violate, or willingly permit to be violated, any of the provisions of this title.' Mark the contrast between the general common-law duty to 'diligently and honestly administer the affairs of the association' and the distinct emphasis embodied in the promise

not to 'knowingly violate, or willingly permit to be violated, any of the provisions of this title.' In other words, as the statute does not relieve the directors from the common-law duty to be honest and diligent, the oath exacted responds to such requirements. But as, on the other hand, the statute imposes certain express duties, and makes a knowing violation of such commands the test of civil liability, the oath in this regard also conforms to the requirements of the statute by the promise not to 'knowingly violate, or willingly permit to be violated, any of the provisions of this title.' "

It is to be remembered that the case in which this language was used was one involving the civil liability of directors in respect to the making and publishing of the official reports of the condition of the bank, duties solely enjoined by the statute of the United States. The court took pains to use this language:

"Of course, in what has been said, we have confined ourselves to the precise question arising for decision, and therefore must not be understood as expressing an opinion as to whether and to what extent directors of national banks may be civilly liable by the principles of the common law for purely voluntary statements made to individuals or the public, embodying false representations as to the financial condition of the bank, by which one who has rightfully relied upon such representation has been damaged. And because we have applied in this case to the duty expressly imposed by the statute the standard of conduct established therein, we must not be considered as expressing an opinion upon the correctness of the views enunciated by the court below concerning the standard which should be applied solely under the principles of the common law, to fix the civil liabilities of directors in an action of deceit. See *Briggs vs. Spaulding*, 141 U. S. 132.

Until within more recent years men not infrequently were found in positions similar to Bowerman's. He seems to have been a man of affairs and stand-

ing in the community, and in the best of faith accepted a directorship in the Salmon Bank, and after his election was content to trust entirely to the officers of the bank, and did nothing himself in the performance of any duty incident to his directorship. Mr. Bowerman failed to keep himself advised of even general conditions, and was not even sufficiently actively interested to make inquiry of any kind about the affairs of the bank until it was found that those immediately in charge had, through gross mismanagement, brought the bank to failure, and that as a result the directors would be called upon to answer for losses. Let it be conceded that the inattention of a director situated as was Bowerman has been brought about without any evil intention on his part, and that it may therefore work some hardship to hold him liable for the losses due directly to the positive negligence of the president and loan committee. But there is the other and wider view to be taken, that by which the law must always guard the interests of the institution and those of the public who were attracted to it—the interest of persons who have given their moneys to the custody of the bank, relying upon the belief that the directors, being men of integrity and business capacity, would at least make some effort to see that those in charge of the affairs of the institution would keep within the statutes and the by-laws which control. In the application of this wholesome doctrine, one who fails to make any effort to have the bank properly administered acts wrongfully, and becomes liable for non-action. *Chesbrough vs. Woodruff*, 195 Fed. 875.

The fact that Mr. Bowerman lived 200 miles away is not an excuse for him. He lived that distance from Salmon when he voluntarily accepted the directorship, and to exonerate him from neglecting to attend a meeting of the board or inquiring into the conduct of the institution would be practically to hold that there was no meaning and significance whatever to the oath he took that he would, so far as the duty devolved upon him, honestly and diligently administer the affairs of the

association. No one would contend that a director must look into details of management, or keep closely in touch with routine matters, or know intimately to whom credits are given; but he is responsible for the exercise of supervisory control, and must be held to know something of the more important concerns of the association, and his duty in these respects is not lessened by the fact that to do his duty means some personal inconvenience. 7 C. J. 788, 789. If continued omission to give any attention could excuse, then the greater the inattention of a director to his duties the less the liability he would incur. The Supreme Court, in *Briggs vs. Spaulding*, 141 U. S. 132.

"Without reviewing the various decisions on the subject, we hold that directors must exercise ordinary care and prudence in the administration of the affairs of the bank, and that this includes something more than officiating as figure heads. They are entitled to commit much of the actual banking business to the cashier, president, and other officers, but \* \* \* this does not absolve them from the duty of reasonable supervision, nor ought they be permitted to be shielded from liability because of want of knowledge of wrongdoing, if that ignorance is the result of gross inattention."

If the evidence showed any effort or attention on the part of Mr. Bowerman, his appeal might find some foundation of merit; but, as we scrutinize his course, it cannot be squared with any standard of ordinary care or reasonable diligence. In *Gibbons vs. Anderson* (C. C.) 80 Fed. 345, Judge Severens well said:

"What the public suppose, and have the right to suppose, is that those men have been selected by reason of their high character and integrity, their sound judgment, and their capacity for conducting the affairs of the bank safely and securely. The public act on this presumption, and trust their property with the bank in the confidence that the directors will discharge a substantial duty. How long would any national bank have the confidence of de-

positors or other creditors if it were given out that these directors whose names so often stand at the head of its business cards and advertisements, and who are always used as make-weights in its solicitations for business, would only select a cashier, and surrender the management to him? It is safe to say that such an institution would be shunned and could not endure. It is inconsistent with the purpose and policy of the Banking Act that its vital interests should be committed to one man, without oversight and control."

Our best judgment is that the liability of defendants King and Andrews, being for gross mismanagement, should have been measured in accordance with the rule of the common law, rather than solely according to the statute. It follows that there should not have been credited against the sums due by the Salmon Lumber Company, the Pollards, and Brown, respectively, the \$6,500 (tenth part of the capital stock paid in) deducted in each instance by the District Court. The court disallowed all interest prior to the entry of the decree. In this respect we are also in disagreement with the decree, for we think that interest should have been included, to be calculated from the respective dates of the notes given by the Salmon Lumber Company, the Pollards, and Brown, respectively. For any sums paid upon any of the notes since the dates thereof, and for any other sums collected, credits, with interest thereon, should be allowed.

With respect to defendant Bowerman, our opinion is that his liability is also to be measured primarily by the rules of the general law, and that his want of knowledge of the gross mismanagement of King and Andrews was due to such inattention to the duty which was imposed upon him of exercising a reasonable supervision over the conduct of those in charge of the bank that he, too, is liable to the same extent as are King and Andrews, and that decree should accordingly go against him.

Inasmuch as there may have been some change in the amounts collected,

which were due apparently when the decree was entered, the decree of the District Court is reversed, and the cause is remanded, with directions to the District Court to make ascertainment through the aid of a master, if deemed preferable, of the amounts due upon the Pollard, Salmon Lumber Company, and Brown loans as will accord with the views herein expressed, and that thereafter suitable decree be entered against defendants King, Andrews and Bowerman.

Reversed and remanded.  
241 Fed. Rep. 737.



## Check Given to Impostor

TEXAS

*Fictitious Payee—Liability—Fraud—Negligence*

Supreme Court of Texas, May 9, 1917

GUARANTY STATE BANK AND TRUST CO. VS.  
LIVELY

Where a swindler, representing himself to be the agent of the owner of realty secured a loan by a check made payable to the purported owner, the name being fictitious, and thereafter signed the check with such name and collected the amount thereof, from a bank which transmitted the check for collection to the drawee bank, which without diligence paid the check, the drawee bank could not avoid liability on the theory that the drawer of the check intended the check to be paid when signed by the name of the fictitious payee, since it could not have known of such intent had it existed, and was in no way misled.

Though a check made payable to a fictitious person with the maker's knowledge is payable to bearer and the bank paying it would be protected, a check payable to a fictitious person without the knowledge of the maker is not payable to bearer, and it is the duty of the bank to ascertain the existence and identity of the payee, and failing to do so, to refuse payment.

Suit by H. Y. Lively against the American Exchange National Bank of Dallas, which impleaded the Guaranty State Bank & Trust Company and another. Judgment for plaintiff against first-named defendant, and judgment over against impleaded defendants was

affirmed, and the latter defendants bring error. Affirmed.

## STATEMENT OF FACT AND OPINION

Yantis, J. This suit was instituted in the district court of Dallas county, Texas, by H. Y. Lively against the American Exchange National Bank of Dallas.

Lively, who is defendant in error here, and who was plaintiff in the district court, alleged that on or about October 20, 1909, he was a depositor in the American Exchange National Bank of Dallas, having on deposit more than \$1,500; that on or about the 10th day of December he demanded of the State Bank & Trust Company that it repay to him the sum of \$1,500, which it had without authority charged against his account upon a check which he had executed payable to the order of E. Crawford for said amount, which said bank had paid without authority, in that the said E. Crawford, the payee in the check, had never indorsed the same or authorized any one to indorse the same for him, and that said bank had not paid out the said sum of \$1,500 as directed by him by his said check, and it had no right to debit his account with said money so wrongfully paid out, but it was its duty, as it had agreed when he made the deposit, to pay him said sum of money in such sums as plaintiff might direct from time to time, and that he had made demand for it to pay him said \$1,500, which it had refused to do.

The Exchange National Bank answered with a general demurrer, a general denial, and with a special answer, to the effect that it had not paid the said Crawford check of \$1,500 to Crawford, but said check was paid by it to the Guaranty State Bank & Trust Company, and charged by it to the account of said Lively, and that when the Crawford check was paid by it to the Guaranty State Bank & Trust Company the latter and one S. J. McFarland had indorsed the check and guaranteed to the Exchange National Bank the validity of all prior indorsements, and

that if judgment should be rendered against it in favor of said Lively, it should be awarded a judgment against the said Guaranty State Bank & Trust Company and S. J. McFarland for a like amount. It caused said parties to be served with citation and to answer its cross-bill against them.

The Guaranty State Bank & Trust Company and S. J. McFarland appeared and answered by special exceptions, a general demurrer, a general denial, and a special answer, which was to the effect that the said check payable to E. Crawford and executed by said Lively was procured from said Lively's agent by one Joseph Weil, who represented himself to be the agent of E. Crawford, who was the payee in the check; that the said Joseph Weil claimed to be representing E. Crawford, and secured the check payable to E. Crawford by certain false and fraudulent representations; that in fact E. Crawford was a fictitious person, and did not exist; that the said Lively failed to make any inquiry or investigation to ascertain whether said Weil was in fact the agent of E. Crawford, or whether said Crawford had an actual existence; and that the said Lively, by reason of his negligence in failing to ascertain that E. Crawford was a fictitious person, and that the statements Weil had made were false and fraudulent, is estopped to complain of the cashing of said check by other persons in good faith on the indorsement of the said E. Crawford made on said check by the said Joseph Weil.

The case was tried by a jury in the district court of Dallas county. A verdict was rendered in favor of said Lively for the sum of \$1,500, with 6 per cent. interest thereon, and in favor of the American Exchange National Bank of Dallas, against the Guaranty State Bank & Trust Company and S. J. McFarland for a like amount.

The court charged the jury that if they believed from the evidence that said Lively was negligent in issuing said check, and that said negligence was the proximate cause of the loss of the money in controversy, to find for the defendants; that if they believed from

the evidence that the defendants were also guilty of negligence in the payment of said check, to return a verdict for the defendants; that if they failed to find that either party was guilty of negligence in the transaction to return a verdict for the defendants; that if they found that both parties were guilty of negligence, but should find that the negligence of the defendants was the proximate cause of the loss of the money, then to return a verdict for the plaintiff, Lively; that if they should find that both parties were guilty of negligence, but that the negligence of the plaintiff was the proximate cause of the loss of the money, then to find a verdict for the defendants.

Necessarily the verdict of the jury implies a finding in favor of said Lively, the plaintiff in the district court, against the defendants, on the question of negligence and its proximate result.

The American Exchange National Bank appealed from the judgment of the district court, but did not apply to this court for a writ of error. Appeal was also taken to the Court of Civil Appeals by the Guaranty State Bank & Trust Company and S. J. McFarland. The case was decided by the Fourth Court of Civil Appeals, where the judgment of the district court was affirmed. (Civ. App.) 149 S. W. 211. A writ of error was granted by this court on the petition of the plaintiffs in error.

The identical questions presented have not previously been before this court; and we have given careful consideration to the able arguments of counsel, and have made a careful examination of the authorities to which we have been referred, and we have reached the conclusion that the trial court did not err in refusing to give the plaintiff in error's second special requested charge, which was to the effect that if the jury should believe that it was the intention of H. F. Lively when he drew the check in question that it should be paid when the same had been indorsed with the same signature of E. Crawford which appeared on the land notes transferred to H. Y. Lively in the deal between H. F. Lively and Joseph Weil,

and that said check had in fact been indorsed by the same signature, to return a verdict for the defendants, the Guaranty State Bank & Trust Company and S. J. McFarland. The undisputed evidence shows that E. Crawford had no real existence, but that Lively made the check in question payable to him, believing that he was a real person, which he was represented to be by Joseph Weil, who it appears by the undisputed evidence was a swindler in this transaction, and the evidence indicates that it finally became known that he had engaged in many such swindling schemes. Lively, who gave the check, testified that he did not intend it to be paid to anybody except to E. Crawford in person, or upon his indorsement.

Joseph Weil secured the check in this manner: He represented to H. F. Lively, who was the agent of the plaintiff in error, that one E. Crawford was a cotton buyer, and lived in Dallas; that he was representing Crawford for the purpose of securing a loan in Crawford's behalf. He presented a note signed by Crawford for \$1,500, and offered as collateral security three vendor's lien notes, with an abstract of title. Lively examined the abstract, which showed to be good, accepted the Crawford note for \$1,500, and the three vendor's lien notes as collateral security, and gave the check in question, payable to E. Crawford and delivered it to Weil. Weil did not take it to the Exchange National Bank, but took it to the Guaranty State Bank & Trust Company, and there represented that E. Crawford was a cotton buyer, living in Dallas, and placed the check in said bank to the credit of said E. Crawford. Soon afterwards he secured the money from the Guaranty State Bank & Trust Company on the checks of E. Crawford. Said checks, of course, were signed by himself, and not by E. Crawford, as was the indorsement on the check which was given by Lively. The note and the three collateral notes which Weil gave to Lively were not signed by any person named "E. Crawford," but the name of "E. Crawford" was in fact signed by said Joseph Weil. None of these facts were known to Lively or to

either of the banks at the time of the transaction.

We think that if it was the intention of Lively, when he gave the check payable to E. Crawford for the American Exchange National Bank, to pay it when it had been indorsed by the same signature as was upon the note signed "Crawford," and the collateral notes signed "Crawford," but which intention was denied by Lively, still this intention could not act as an estoppel against Lively and in favor of the Guaranty State Bank & Trust Company and McFarland unless it had misled them and induced them to part with their money in its payment to the wrong person. It did not so mislead them, because there is no evidence that they had any knowledge of the existence of such intention on the part of Lively. There is no evidence in the record showing that the bank which paid the check was in any manner influenced by such intention, or that it had any kind of knowledge of such intention on the part of Lively. Neither is there any evidence that the bank which paid the check used any diligence or did anything to ascertain if the indorsement on the check was Crawford's real indorsement, or to ascertain if Crawford had a real existence except to rely upon the statement made to it by Joseph Weil.

A check made payable to a fictitious person with the knowledge of the maker is payable to bearer, and a bank which paid the check would be protected in its payment to any one presenting it. But a check which is made payable to a fictitious person without the knowledge of the maker is not payable to bearer, and it is the duty of the bank before paying it to ascertain the existence and the identity of the payee, and, failing to do so, to refuse its payment.

The case of *Armstrong vs. National Bank*, by the Supreme Court of Ohio, 46 Ohio St. 512, involves facts almost identical with the facts involved in this case. In discussing the question of the bank's liability in paying the check that court, speaking through Mr. Chief Justice Minshall, said:

"If the drawer of a check, acting in good faith, makes it payable to a certain person or order, supposing there is such person, when in fact there is none, no good reason can be perceived why the banker should be excused if he pay the check to a fraudulent holder upon any less precautions than if it had been made payable to a real person; in other words, why he should not be required to use the same precautions in the one case as in the other; that is, determine whether the indorsement is a genuine one or not. The fact that the payee is a non-existing person does not increase the liability of the bank to be deceived by the indorsement. The fact is that an ordinarily prudent banker would be less liable to be deceived into a mistaken payment by a fictitious indorsement such as this was than by a simple forgery. The determination of the character of any indorsement involves the ascertainment of two things: (1) The identity of the indorser; and (2) the genuineness of his signature; and no careful banker would pay upon the faith of the genuineness of any name until he had fully satisfied himself both as to the identity of the person and the genuineness of his signature. Now, a careful banker may be deceived as to the signature of a person with whose identity he may be familiar; but he is less liable to be deceived where both the signature and the person whose signature it purports to be are unknown to him. In making the inquiry required in such case to warrant him in acting, he will either learn that there is no such person, or that no credible information can be obtained as to his existence, which, with an ordinarily prudent banker, would be the same as actual knowledge that there is no such person, and he would withhold payment, as he would have the right to do in such case. But still, if he should be deceived as to the existence of the person, he would nevertheless require to be satisfied as to the genuineness of the signature. Of this, however, he could not be through his skill in such matters, and on which bankers ordinarily rely, for he would be without any standard of comparison, and he could have no knowledge of the

handwriting of the supposed person, for there is no such person. So that, if he acts at all, it must be upon the confidence he may place in the knowledge of some other person, and if he choose to act upon this, and make, instead of withholding, payment, he acts at his peril and must sustain whatever loss may ensue."

To the same effect is the holding of the Court of Appeals of the state of New York in the case of *William D. Shipman et al. vs. Bank of the State of New York*, 126 N. Y. 318.

We believe that upon reason and principle the doctrine announced in this line of cases is sound, and we think the special charge should not have been given, and that the trial court did not commit error in refusing to give the charge.

We have examined the other questions presented, and believe they, too, are without merit, and should be overruled.

The judgment of the Court of Civil Appeals and the judgment of the District Court should be, in all things, affirmed; and it is so ordered.

194 S. W. Rep. 937.



## Contract for Advertising

VIRGINIA

*Contract for Advertising that Failed to Produce Results Guaranteed*

Supreme Court of Appeals, Virginia, June 14, 1917.

BRENNARD MFG. CO. VS. BROWN.

In a suit on notes to the amount of \$600 given for a copyrighted advertising plan and certain goods and supplies to be used in connection therewith purchased under a written contract, the defense that independent of the special written contract there was a general agreement and undertaking by the plaintiff to increase the defendant's sales for the year following the purchase of the advertising plan, and that, as no increase in fact resulted, there was a total failure of consideration, if sound, could be availed of under the general issue.

Where, as a part of a special written contract for the sale of a general advertis-

ing plan and goods and supplies to be used in connection therewith, the seller gave his bond for a cash refund if the buyer's business was not increased to \$26,000 in the following year, which agreement was based on the buyer's false statements as to the amount of business he was doing, the buyer could not escape payment of the purchase money notes on the theory of an independent general agreement and undertaking by the seller to increase the defendant's sales, although no increase in fact resulted.

Action by the Brenard Manufacturing Company against C. M. Brown. Judgment for defendant, and plaintiff brings error. Reversed, and judgment ordered for plaintiff in Supreme Court.

### STATEMENT OF FACT AND OPINION

Kelly, J. The Brenard Manufacturing Company brought this action of assumpsit upon four promissory notes for \$100 each, executed to it by the defendant, C. M. Brown. Neither party demanded a jury, and, all matters of law and fact having been submitted to the court for decision, there was a judgment for the defendant, and the plaintiff brings this writ of error.

The notes sued on, along with two others of like amount which were paid before the suit was brought, were given in settlement of the purchase price of a copyrighted advertising plan and certain goods and supplies to be used in connection therewith, the outfit consisting of printed instructions and advertising matter, watches, silverware, a toilet set, and a player piano. The order for the purchase of this plan and equipment was solicited and obtained from the defendant by a salesman, but required the approval of the plaintiff at its home office, and, so far as pertinent here, was as follows:

"Brenard Mfg. Co.—Gentlemen: On your approval of this order, deliver to me at your earliest convenience, f. o. b. factory or distributing point, the Claxton player piano, watches, silverware and advertising matter described on this and reverse side, in payment for which I herewith hand you my six notes, payable to your order, aggregat-

ing \$600.00. If order is not approved and shipped by you the notes are to be canceled and returned to me.

"My last twelve months sales were \$21,000.00, and upon this figure my next twelve months sales to be \$26,000.00 and that if two and one-third per cent. of my gross sales does not amount to six hundred dollars (\$600.00) for the next twelve months you will pay me the deficiency in cash, and send your bond for \$600.00 to cover this agreement with me. You are to conduct all of the correspondence in securing club leaders and members in conducting the Club Extension campaign."

This order was accepted, the outfit was shipped and received by the defendant, and the bond mentioned in the order was executed and forwarded to the defendant in the following form:

"Know all men by these presents that Brenard Manufacturing Company, the vendors as principal, are held and firmly bound unto C. M. Brown in the penal sum of Six Hundred Dollars for the payment of which well and truly to be made, we bind ourselves, our heirs, executors, and personal representatives.

"That conditions of the above obligation are set forth in a written order, which agrees to a cash refund on a basis of two and one-third per cent. if business is not increased to \$26,000.00.

"Now, therefore, if said vendor shall well and truly perform all obligations set forth in said written order, then this obligation to be void; otherwise to be and remain in full force and effect."

The defendant pleaded non assumpsit and a special plea in writing. The special plea set up the fact that the defendant's sales for the twelve months next after the purchase from the plaintiff, instead of amounting to the sum of \$26,000, amounted only to the sum of \$8,815, and sought to offset against the plaintiff's demand the penalty of the bond. The defendant's representation in the original order that his sales for the previous twelve months amounted to \$21,000 was, however, admittedly untrue, his sales for that year, in fact,

having been only \$13,518, and it was very properly conceded in this court that there was no merit in the defense set up in the special plea.

The defense urged upon us is one which, if sound, could be availed of under the general issue, and is based upon the theory that, independent of the special written contract, there was a general agreement and undertaking by the plaintiff to increase the defendant's sales for the year following the purchase of the advertising plan, and that, as no increase in fact resulted, there was a total failure of consideration.

To adopt this contention would be to make a new contract for the parties. Undoubtedly the purpose of the advertising plan was to increase sales of merchants who used it, but we are unable to say that the plaintiff would have been willing to guarantee an increase of the sales of the defendant to any extent if it had known that his sales for the previous year had been only a little over half of the amount as represented by him. There is no evidence of any agreement to increase the defendant's sales, except as set forth in the letter and bond quoted above; and the defendant, of course, may not prevent the collection of his notes by setting up the plaintiff's failure to comply with a stipulation which was induced by his own misrepresentation of a material fact. This proposition needs no citation of authority for its support, and is not controverted here.

There was ample consideration for the notes. The plan and equipment belonged to the plaintiff. The undisputed testimony offered by the plaintiff is that for this plan and equipment and the services rendered by the plaintiff in connection with it the sum of \$600 was a reasonable price. It is true that the scheme seems to have contemplated giving away the articles of merchandise as premiums or prizes, but it must be remembered that these articles and the services furnished by the plaintiff in connection with the advertising scheme

represented property and value, and that the plaintiff had the right to determine to whom and upon what terms it would furnish them.

But it is said that the plaintiff did not comply with the contract on its part because it sold similar propositions to the defendant's competitors. There is no provision in the contract against sales to competitors of the defendant, and the only support for the contention here made is found in a very meager statement of the defendant to the effect:

"That he thought the plaintiffs treated him unfairly by selling a similar advertising proposition and supplies to Mr. J. M. Tyus at Stony Creek, about ten miles from Jarretts; that he understood from the salesman of the plaintiffs that no other similar advertising scheme would be placed with any other merchant anywhere near him, that is to say, within a radius of ten miles; that the plaintiffs had placed one at every cross-roads store."

This is the whole of the testimony upon this point, and it falls very far short of furnishing any satisfactory basis upon which to relieve the defendant from the payment of the notes.

It was suggested in the brief and in the oral argument of counsel for the defendant (who did not appear in the lower court) that the record before this court was inadequately and imperfectly made up, and was not just to the defendant. Whether this be true or not, we, of course, are unable to say, and obviously we must dispose of the case on the record as it comes to us.

Giving full effect to the rule under which we must regard the evidence in this court, the plaintiff is entitled to a judgment for the amount sued for, and this court will reverse the judgment complained of and enter the order here which should have been entered for the plaintiff in the court below.

Reversed.

(92 So. E. Rep. 851.)

## Check Without Funds

MINNESOTA

### *Liability of Drawer—Death of Maker*

Supreme Court Minnesota, June 22, 1917

Where a check is given for a valuable consideration the drawer is the principal debtor, and in the event of no funds in the bank to pay the check, he becomes absolutely liable to a suit thereon. This obligation survives the death of the drawer.

An outlawed debt is a good consideration for a check. The check need not recite that such is the consideration.

Action by Emma C. Baxter against A. Brandenburg, as executor. From a judgment of the district court, on appeal from the probate court's disallowance of plaintiff's claim, directing a verdict for plaintiff, the executor appeals. Order affirmed.

### STATEMENT OF FACT AND OPINION

Hallam, J. Luther L. Baxter, for more than 25 years a judge of the district court of this state, died May 22, 1915. He had been married three times. By his first wife he had one son, Chauncey L. Baxter. By his second wife he had one daughter, Bertha Baxter. Plaintiff was his third wife. She has no children.

On March 3, 1915, Judge Baxter gave to plaintiff a check for \$4,000 on the Fergus Falls National Bank. He had on deposit in the bank \$362.68. The check was not paid. Neither party expected it would be paid at that time. He later gave plaintiff two checks on another bank, one for \$400 and one for \$300, with not sufficient funds to meet them.

Judge Baxter's estate was appraised at \$23,363.79. After probate proceedings were commenced, plaintiff filed a claim in probate court for \$4,700. The proof of claim alleged:

"That at the time of his death, the above-named Luther L. Baxter was justly indebted to the affiant in the sum of forty-seven hundred dollars (\$4,700.00.)

"Said indebtedness arose and was incurred as follows:

"Between the 1st day of February and the 8th day of May, 1915, affiant H. Emma C. Baxter, at the special instance and request of deceased performed work, labor and services for the deceased. That hereto annexed, herewith filed and hereby made a part hereof is a true and correct statement of the items of such account. That said work, labor and services were reasonably worth the sum of forty-seven hundred dollars (\$4,700.00) which said deceased promised to pay affiant therefor. No part of said sum has been paid.

"Deceased on March 3, 1915, made and delivered to affiant his check for the sum of four thousand dollars (\$4,000.00), and on April 3, 1915, made and delivered to affiant his check for the sum of four hundred dollars (\$400.00), and on May 8, 1915, made and delivered to affiant his check for the sum of three hundred dollars (\$300.00). Copies of all three of said checks are hereto attached, marked 'Exhibit 1,' 'Exhibit 2,' and 'Exhibit 3,' respectively, and are hereby made a part hereof. No part thereof has been paid.

"There is now due and owing to affiant H. Emma C. Baxter on account thereof from the estate of said deceased, the sum of forty-seven hundred dollars (\$4,700.00), with interest on \$4,000.00 since March 3, 1915, on four hundred (\$400.00) since April 3, 1915, and on three hundred dollars (\$300.00) since May 8, 1915."

Attached to the proof of claim were the checks as Exhibits 1, 2 and 3, and Exhibit 3a, as follows:

"Emma C. Baxter, Dr., in Account with the Estate of Luther L. Baxter, Deceased.

"To services for one year and three months at the agreed price and reasonable value of \$4,700.00."

The probate court disallowed the claim in toto. On appeal to the district court, issues were framed, no claim was made except on the checks, and no statement was made as to their considera-

tion. The court directed a verdict for the plaintiff for the amount of the \$4,000 check. The executor appeals.

There is no doubt that Judge Baxter gave to his wife this \$4,000 check, and that when he did so, he expected it to be effective. He was an invalid at the time, but there is no evidence that he was not competent to transact this business, nor is there any evidence that he was subjected to any duress or undue influence.

Where a check is given for a valuable consideration, the drawer is the principal debtor (Daniel, Neg. Inst. section 1587), and in the event of no funds in the bank to pay the check, he becomes absolutely liable to a suit thereon (*Spink & K. Drug Co. vs. Ryan Drug Co.*, 72 Minn. 178, 75 N. W. 18, 71 Am. St. Rep. 477; *Beauregard vs. Knowlton*, 156 Mass. 395, 31 N. E. 389; *Carson & Co. vs. Fincher*, 138 Mich. 666, 101 N. W. 844; *Bell vs. Alexander*, 21 Grat. [Va.] 1, 6).

It is clear without argument that such an obligation must survive the death of the drawer of the check.

The one claim is that this check was without consideration. On this point plaintiff testified as follows:

"It was to pay me for money that I loaned Mr. Baxter when we were first married and to compensate me for my third in the property that he transferred to his daughter regardless of my marriage rights."

In fact, \$300 was loaned in 1882 and \$200 in 1885. These old debts, though outlawed, formed a sufficient consideration for a check for the amount of them.

It was not necessary that the check state that these debts formed any part of the consideration. If a promise sued on is a mere promise to pay an outlawed debt, the debt must be identified. But this rule does not change the law of negotiable instruments. It is not necessary that a negotiable instrument should specify the consideration for which it was given, whether given for an outlawed debt or for any other consideration.

We are of the opinion that the other

consideration mentioned was a sufficient one. The facts were that in 1890 deceased bought a house and lot and procured it to be leased to himself for life, and the fee to be conveyed without consideration to his daughter, Bertha, then a child 12 years old. In 1905 he purchased a second house and lot and procured it to be conveyed to a friend, and later to his daughter, Bertha, for a nominal consideration. Bertha gave back a power of attorney to collect the rents of the property and turn them over to deceased during life. These two properties were worth \$8,000.

It is well settled that a wife has marital rights in property purchased by her husband, the title to which is taken in another in trust for the husband. *Rand vs. Rand*, 103 Minn. 5. It follows that after the husband's decease, the widow has rights in property so taken and held. If a claim of that sort had been made by plaintiff, the assertion of such a claim would have furnished a sufficient basis and consideration for a substantial compromise and settlement. That Judge Baxter did not wait for his wife to assert a claim does not minimize the consideration. These facts constituted a valid consideration for a check given to plaintiff in recognition of her marital rights in these parcels of land. \* \* \*

We are of the opinion that a verdict predicated on the theory that the \$4,000 check was given in consideration of services could not be sustained. It may be that it cannot be said that there is not a scintilla of evidence to that effect, but for the reasons stated, we think there is not enough basis for such a contention to warrant our setting aside the judgment directed by the court. If the judge could not permit a verdict against the plaintiff to stand, he should not be required to submit the case to the jury with the full consciousness that if an adverse verdict is rendered he will be obliged to set it aside. *Giermann vs. St. Paul, M. & M. Ry. Co.*, 42 Minn. 5; *Krenz vs. Lee*, 104 Minn. 455; *Webber vs. Axtell*, 110 Minn. 52.

Order affirmed.

163 N. W. Rep. 516.

## Gratuitous Safe Keeping of Securities

### KENTUCKY

In an action against a bank for surrendering to husband notes payable to husband and wife, after directions by wife not to do so, held that evidence did not show that the notes were placed there for collection, or as a special deposit, but showed that they were merely left in its safety deposit box, kept for accommodation of depositors.

As to papers placed in a safety deposit box kept by a bank as an accommodation to customers, the bank occupied the position of a bailee without compensation, and was only bound to exercise slight care.

Where a bailment is for the sole benefit of the bailor, the bailee's liability is only that of exercising slight care, and he is only liable for gross negligence or bad faith.



## Altered Instrument

### TEXAS

Any alteration which is material and made without the consent of the party sought to be charged upon a note at any time after its execution renders it void as to them, even in the hands of an innocent holder, notwithstanding the alteration has been so skillfully made as to escape detection upon close scrutiny.



## Corporation Funds

### PENNSYLVANIA

The president of a loan society, whom the by-laws made the chief executive officer and active manager, was authorized to accept money paid to the society by cash or by check to its order, and his misappropriation of funds so paid was the loss of the society.

Where the authority of a bank president comes from the directors, he may indorse bills or notes payable to it.

Where a depositor drew his check

upon defendant bank to the order of a loan society, whose president and chief executive officer indorsed it and misappropriated the proceeds, the bank was not liable, as the proceeds were paid to the society in accordance with the terms of the check.



## Collections

### MISSISSIPPI

A bank, remitting for a draft sent it for collection upon receiving in payment a defectively signed check on another bank which failed before the defect was corrected, cannot recover from the drawer of the draft, although the negligent signer of the check was the drawer's agent, and was making a final accounting.



## Holder in Due Course

### MONTANA

Where a bank knew, when it took from the seller of an automobile notes executed by the buyers, that the car was sold under a warranty, and that the consideration for the notes might possibly fail, it was nevertheless a holder in due course as defined in Rev. Codes, section 5900, there having been no breach of warranty at the time the notes were negotiated.



## Liens on Chattels

### TEXAS

A note wherein the maker agreed to pay a sum certain on a date certain at a bank, and the drawer and indorser waived presentment, protest and notice thereof, reciting that there was deposited with them as collateral a note given for four mules with authority to sell them without notice, constitutes a lien on the mules, since it not only referred to notes which gave a lien, but itself contained all essential elements of a lien; the other notes being admissible to explain its terms.



By RUTH E. WELTY, Mellon National Bank, Pittsburgh, Pa.

**I**F there are any checks in heaven, I don't want to go!"

Nancy, the pretty, the petulant, the quick of action, said this decidedly, as she rose from her billing machine and caught up the drawer of checks whose listing had constituted her day's work. Before carrying it into the next room where the letters had already been taken in order to secure the balance of the day's mail, she stopped and made an appealing gesture.

"Pray that I balance, girls!" she called to her nine companions. Each of them operated a combination typewriter and adding machine, and their fast driving at the same time made a racket one ordinarily would not associate with a bank.

The nine looked up and smiled with the sympathy born of experience. Nancy was going to a dance that night and wanted to catch the early train home. Hence the desirability of balancing immediately. Hence, also, the playful, slightly disparaging remark about heaven and checks.

Anyone entering the bank in the regular way would not have seen Nancy or her companions. Yet they were cogs in the great money machine just as truly as were the men who sat in the wire cages downstairs, or those whose private offices were guarded by porters. Upstairs in "clearing-house," so-called, was Nancy. She had charge of certain correspondents, probably sixty in number, and she listed on blue "letters" the items for which credit was asked. If the letters were country

letters she listed besides the amount of the check the bank on which it was drawn and the endorser. On city letters the amounts and the endorsements alone were listed. The total must balance with the "night run" total and also with that of Bennie Gray who handled her checks after she had finished them.

Bennie Gray was one of the oldest



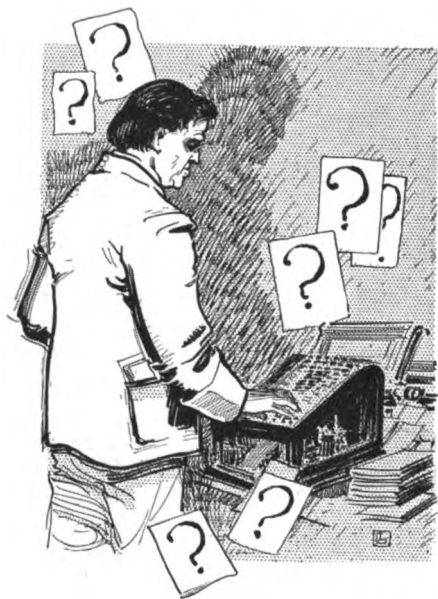
"No," said Nancy irritably, without looking up, "three cents."

men in the department. Little and rather bent, hesitating in manner and speech, he gave the impression that he was holding on to his existence by nothing more substantial than a thread. For two months he had been on the ledger work with Nancy, having been transferred from the bookkeeping department.

They worked amicably enough together, because—well, it would have

been difficult for anyone not to get along with Bennie. It takes two to make a quarrel, and Bennie was unoffending. He was so unoffending that Nature seemed to want to retaliate by making conditions particularly hard for him, a thing which happens not uncommonly.

By degrees the noise in the room lessened as the girls finished their last



Bennie Grey was one of the oldest men in the department. Little and rather bent, hesitating in manner and speech, he gave the impression that he was holding on to this existence by nothing more substantial than a thread.

checks and carried the drawers over where the men ran the proofs on the adding-machines.

Nancy, they found, was still bending over the desk with Bennie, and the letters lay about in some confusion.

"Don't you balance?" Martha Hills paused a moment to ask.

"No," said Nancy, irritably, without looking up. "Three cents."

"Over or under?"

"Short," said Nancy.

Her questioner passed on after an exclamation of sympathy, and Nancy continued to watch the figures while Bennie read the cents on the checks.

Letter after letter was proved and

no three cents appeared. All the afternoon checks were called, and still no three cents.

"Well, it's somewhere!" said Bennie with a nervous little laugh.

"Naturally!" snapped the girl gazing at the clock, which showed that the 4:45 train had gone.

"If we were over I should say it was in the machine," commented Bennie. This sometimes happened, and they had to scan the endorsements narrowly, seeking to discover a traitorous figure hiding under one of the letters, a bad trick not unknown to the billing-machine. Being "short," however, they had no such resource. Three cents! It was so little, and yet so effective.

"Everybody balances but you and Federal Reserve," announced Hayden, the supervising head of the department, stopping a moment at the desk. "How much are you out?"

"Three cents short, Hayden," said Bennie.

"Looked everything back?"

"Most of it twice," said Bennie.

"Your morning's work balanced?"

"Yes."

"Try and find it," said the young man kindly. He was firm without being cross, and was quite familiar with the eccentricities of that temperamental thing known as a balance. "Look back the re-cap. Perhaps it's there."

He went away, summoned by a shout from Federal Reserve, which had discovered their elusive error at last. Martha Hills finished her work and once more came up to Nancy.

"Can I help you, Nancy?" she inquired. "I'll put up your mail and you can go."

"No, thanks," said Nancy ungraciously. Her nervous impatience grew with every moment.

"I didn't balance first crack myself or I'd have been over sooner," continued her friend.

"Isn't it just fate!" burst out Nancy, unable to keep her grievance any longer. "I won't get home until seven o'clock now. How can I get dressed? I simply can't go, that's all!"

"It's a shame! Just when you most wanted to balance!"

"Just my luck!"

It was like Nancy, the adorably, eternally feminine, to count time for leisurely dressing at such a premium. More important than work in a bank; far more so. The latter was something to be tolerated; the former something to be enjoyed. Only one woman in ten, someone has said, is at the outset the equal of a man in business. The other nine have too much of the old feminine in them, the old eternal woman that clings and cajoles, frivols and deceives and loves; practices, in short, the ancient wiles of the sex where sex has no place. Nancy was one of the nine, though of course she never stopped to analyze or to catalogue herself. The bank was to her a sort of half-way point at which she had poised waiting for something worth while to happen.

"Ah!" exclaimed Bennie suddenly. "Here it is!"

"Where is it? On me?" demanded Nancy.

"Here in the re-cap," said Bennie, making in a shamefaced way the admission that the error was on him. "I—I didn't subtract right here in this total. I—I don't know what I was thinking of," he finished lamely.

Nancy's dark eyes burned. She was silent for an ominous moment. When she spoke it was to Martha Hills and with a tense anger beneath her words.

"If I'd done something like that I'd have been called beautifully."

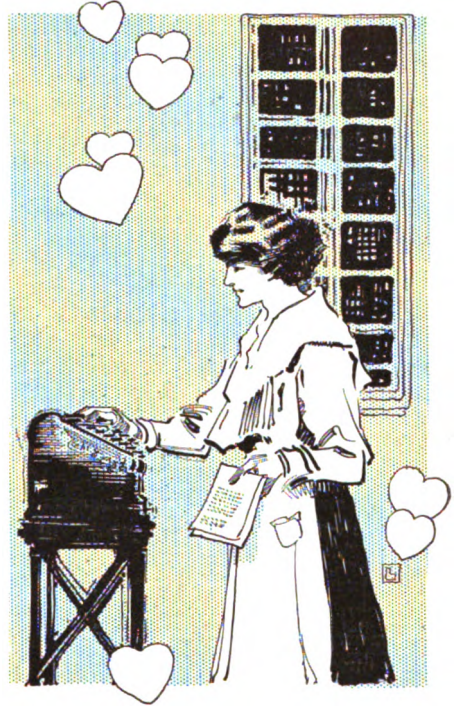
"I—I'm sorry, Miss Nancy," began Bennie; "But we are all human."

"As it is," continued the girl relentlessly, "I think it ought to be reported to Mr. Hayden." Her idea of justice went a degree farther. "Or to Mr. Anderson"; she named the titular head of the department.

Bennie Gray looked up in quick apprehension. The checks he held in his hands trembled.

"I hope you won't do that, Miss Nancy," he said. His head bent a bit lower on his shoulders. The late afternoon light showed the worn face and the thin fine grey hair. "I am truly sorry to make you late for your dance. My mind must have been somewhere else this afternoon. My little girl

graduates next week and I—I have been planning how I could manage to get her what she wants for a graduation present—a wrist-watch. They're real pretty, those wrist-watches." His voice was curiously detached and yet had the deep pathos of the sensitive



Only one woman in ten, someone has said, is at the outset the equal of a man in business. The other nine have too much of the old feminine in them, the old eternal woman that clings and cajoles, frivols and deceives and loves.

soul which is denied yet goes on yearning.

Nancy said not a word.

"My baby—graduates next week," said the old man again. He trailed off inarticulately and to cover a threatened loss of control he busied himself changing a total, the offending total, on the re-cap.

Nancy felt something choke her.

"I want to do all I can for my baby," he explained in a low voice. His last remark was his own indirect way of summing up his case. His eyes sought Nancy's with that familiar wistful look

in them, a look which took on a new meaning. It corresponded with something deep in Nancy's heart.

The eternally feminine might be cruel when robbed of time for self-beautifying, but it could understand the love of a man who was trying to give his "baby" what she wanted when she graduated. This was closer to the

heart of Nancy than all the "items for credit" in the world.

She moved a bit closed to the bent figure.

"Aw, Bennie," she said coaxingly, and the dimple in her cheek deepened with her smile. "Don't you know I was only joking? Let's hurry and put the mail up."



## Food Scarcity Is Real

**W**RITING in the Baltimore "Sun," Mr. Richard H. Edmonds, the able editor of the "Manufacturers' Record," presents the following striking facts in relation to the food situation:

In 1880 this country produced 33.7 bushels of wheat for every man, woman and child living in cities and 116.2 bushels of corn. The production per capita to city population has steadily declined. By 1890 it had dropped to 17.5 bushels of wheat per capita for city dwellers down to 16.9 bushels in 1900, and to 14.9 bushels per capita of city population in 1910.

The decrease in the corn production in proportion to city population has also been very heavy. From the 116.2 bushels of corn per capita of city population in 1880 the production fell to 67.7 bushels per capita in 1910.

Owing to the fact that detailed census figures as to city population are not available since 1910, comparisons cannot be given for the present year, but it is a well-known fact that during the last seven years city population has continued its rapid increase and country population its relative decrease as during the preceding thirty years.

These figures cannot be studied without a realization of the change which has taken place in food production in proportion to population, and without

realizing what they mean. We are reaching a point where, under ordinary conditions, we will have little or no wheat for export, even if we can take care of our own wheat requirements.

Exactly similar conditions exist as to our live stock, and the American people must of necessity learn to consume less wheat, beef, mutton and pork than they have in the past, until some time in the distant future when the pendulum may swing the other way and food production increase in proportion to population. There is no sign, however, of this being in sight.

The total production of wheat for the three years 1914, 1915 and 1916, was 2,556,000,000 bushels, an average of 852,000,000 bushels a year, which was an average for these three years named of 193,000,000 bushels in excess of the total production of this year.

The average production of wheat for the ten years from 1907 to 1916 was 728,000,000 bushels. In that ten-year period population increased by about 15,000,000 to 18,000,000, and at a normal rate of growth of consumption this would mean that we now need about 75,000,000 bushels more of wheat for domestic consumption than we needed ten years ago. In the face of this fact we have 69,000,000 bushels less of wheat this year than the average crop of the preceding years, a startling and dangerous situation.

# How Bankers Are Doing Their Bit

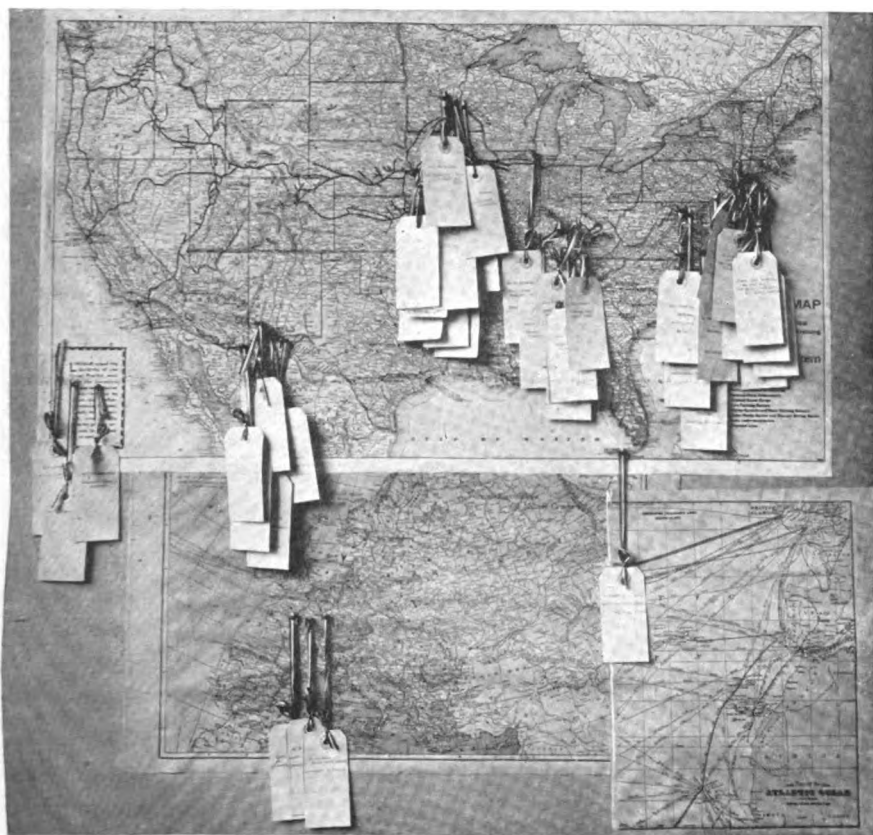
HOW THE NORTHWESTERN NATIONAL  
KEEPS TRACK OF ITS MEN

**T**HIS map is not the picture of a wild finish of the old blindfolded game of pinning the tail on the donkey. It is a map of the United States and Europe tagged with the names of the boys of the Northwestern National Bank of Minneapolis who are now in the military service of Uncle Sam. It shows the present location of each, or as nearly as can be ascertained. When a boy's billet is changed, his tag is shifted. The clerks at home can

tell at a glance where all the Northwestern soldiers are stationed.

Things are happening fast in the soldier line—so fast, in fact, that in the time it took the photographer to take this picture and finish it, and get the map back from his studio, it was already out of date. Instead of having three boys in France, the Northwestern found that it had nine, most of them doing actual work at the front.

There is a comparatively large number from this institution in the service. The flag that swings out to the breeze in Marquette avenue, in front of the



The Military Service Map of the Northwestern National Bank, Minneapolis



The First National Bank of Boston and its service flag

bank, shows thirty-six enlisted men. The percentage of the total force is perhaps unusually large. It is partly accounted for by the experience received by the men in the drill of the bank's "preparedness" military company, started in February, 1916. This company was fully equipped and officered, specially instructed, and enthusiastically maintained by its members.

Besides the map, another informative device has been arranged by the clerks to furnish the correspondence record of every boy in the cantonments, in the foreign camps, the hospital service and what not. Each man's name and current address are listed on a card, on which is also kept a record of all the letters that have been written to him by the employees at home. If any boy is not getting his good share of letters, some of his pals are detailed hot-foot, pen in hand, to raise the writing average.

More than this, letters that have been received from the enlisted men are posted, each with his name card. These cards, with the notations of letters written and with the letters that have been received in reply, are fastened to

clips and hung side by side along the steel netting of a teller's cage on the behind-the-scenes side. This particular cage is always a point of much interest to the clerks.

There are other wartime indications to be encountered in this one-time peaceful bank. If the directors, for instance, should unexpectedly decide upon an evening session (but there's no danger here of a conflict with the night shift) and should happen to name a Thursday night, they would find their directors' room commandeered by girls—stenographers, statement clerks, girls from the ladies' department, the addressograph, telephone, filing and transit departments, all knitting socks at the long mahogany table—or sweaters or woollen mufflers or some of those other things that soldiers wear.

About thirty, out of a total enrollment of seventy-five girls, have volunteered for this knitting squad. The results of their labor are sent to the bank's own boys. The yarn that is used is purchased by the clerks' war finance committee, about one hundred dollars' worth having been used so far. The money for this and for the comfort kits and the tobacco sent to the boys in France is raised by pay-day hold-ups, and by the proceeds from the bank dances. The latter are held in the bank lobby, the music being furnished by the employees' own military band of twenty-seven pieces, or by their own orchestra.

#### BOYS AT THE FRONT AT THE BANKERS CLUB

The boys at the front were given special attention at the recent dinner of the Bankers Club, composed of the staff of the Bankers Trust Company, New York. At the beginning of the dinner five members of the club now in the navy formed a guard of honor and escorted the company's service flag to the platform where it occupied a place of honor throughout the evening, representing the fifty-nine absentees. Seward Prosser, president of the Trust Company, recounted the experiences of the year, emphasizing the generous and



The service flag of the Guaranty Trust Company, New York

This flag was unfurled October 27 and carries 219 stars. Since that date others have joined the service, besides those who are doing special war work, at home or abroad.

unselfish attitude taken by the clerical force in the unusual burdens incident to the Red Cross and Liberty Loan campaigns. He was followed by Rev. R. B. Davis, of Englewood, who aroused patriotism by a stirring recital of his experiences on the American Ambu-

lance staff in France. The newly-elected president of the club, Herman Knoke, suggested a collection to help provide "smokes" for the boys at the front as a fitting conclusion to the evening's program, in response to which over \$100 was dropped into the hat.



## THE HUMAN SIDE OF BANKING



**T**HERE is no longer a place in the world for the man who said: "This is for me and my wife, my son John and his wife, us four and no more." The banker who sits behind closed doors, too busy clipping coupons and piling up dollars to reach down and help the struggling masses below him, has missed the high calling of his profession.

The man on the other side of the counter who sees no sympathy, no helpfulness and no good in the banking fraternity is either ignorant or misguided, and by either token more to be pitied than censured. I am glad that in this national crisis the banker has set the pace for patriots, and I allow myself to believe that the rich young banker of the East who has left his business and gone to the front, as well as that aged foreign-born financier of the Northwest who has dedicated his fortune to the dependents of other soldiers who have been called to the colors, is representative of the class.

A large, stylized signature, likely "W. B. Williams", written in cursive script. The signature is written in dark ink and is positioned below the main text.

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# Investment Bankers Association of America

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## Sixth Annual Convention at Baltimore

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**T**HE sixth annual convention of the Investment Bankers Association of America was held at the Hotel Belvedere, Baltimore, Md., November 12, 13 and 14. This meeting was of unusual importance because of the peculiar situation in the investment field at present. Since the Government is absorbing so much of the country's investment funds and attracting to its own securities so large a share of public attention, it has become a serious problem to the investment banker to carry on his business at a profit. A considerable part of his machinery and equipment is being applied to selling Liberty bonds—a service for which he receives no compensation—and the ability to continue in business, under such conditions, is regarded as doubtful by even some of the well-established houses.

Notwithstanding the difficulties under which they labor, a disposition is being shown by the investment bankers to give preference to the sale of only such securities as will help in winning the war, as was said by President Franklin in his annual address:

In times past the first query of the banker as to a new issue of securities was: "Is it safe?" To-day it should be: "Does the purpose for which this money is to be spent contribute toward the winning of the war?" His last question should be: "Can I make money on the transaction?" Such an analysis should apply not only to corporate financing, but with even greater force to municipal issues, as here the opportunity for unnecessary expenditures is even greater on account of the better credit enjoyed.

Regarding the work done in placing Liberty bonds, Secretary Frederick B. Fenton, in his annual report, said that so far as he was able to learn every

member of the association was acting on some committee and rendered services to the Government. He also said that during both the Liberty Loan campaigns the entire time of the secretary's office and of the employees was given to this work." He said in regard to the growth of the organization:

More and more is the association finding its place. Each year we are becoming more thoroughly entrenched as a national organization. There are very few houses in this country in the investment banking business who attempt to do business without securing membership in the association, and displaying the sign of the association in a prominent place.

James F. Curtis, secretary of the Federal Reserve Bank of New York, spoke on the necessity of conserving capital for war purposes, and following his remarks this resolution was presented:

Whereas, this association appreciates the necessity in time of war of the conservation of capital. Therefore be it

Resolved, That the president of the association be instructed to appoint a committee of five to study this question and confer with other organizations and with the governmental authorities and report to the board of governors.

Mr. Wade of Indiana and Mr. Weil of Ohio told what had been done in these states in the way of reducing municipal bond issues.

President Franklin expressed the opinion that some of Mr. Curtis's suggestions constituted an invitation to join the "suicide club," to which Mr. Hoysradt replied that they belonged to such a club already, and Mr. Curtis had invited them to join the "self-preservation club." He thought the Investment Bankers Association should coöperate



W. S. HAYDEN  
President



W. G. BAKER, Jr.  
First Vice-President



J. S. SMITH  
Governor



L. B. FRANKLIN  
Ex-President

Officers Investment Bankers Association

with the governors of the respective states in bringing about a reduction in the amount of municipal securities offered during the war.

#### ADDRESS OF SECRETARY MCADOO

An important feature of the convention was the banquet, at which the principal speaker was Hon. W. G. McAdoo, Secretary of the Treasury. In the course of his address the Secretary had the following to say about some of the financial problems of the war:

Vague and unfounded apprehensions seem to exist in the public mind as to the extent of the financial requirements of the United States during the current fiscal year. It may be helpful to the country to know that these requirements have been greatly exaggerated, and that in the judgment of the Secretary of the Treasury there is no reason whatever for apprehension on this score.

This opinion is based upon the latest estimates of our financial needs. During the last few days the various departments of the Government have submitted to me their estimates of expenditures during the current fiscal year. On the basis of these estimates I am confident that, allowing for a liberal balance in the general fund at the close of the fiscal year, not more than \$10,000,000,000 remains to be raised by the issue of bonds, war savings certificates, and Treasury certificates of indebtedness.

This is not regarded by the Treasury Department as a task which will in any way strain the capacity or resources of the United States. The splendid success of the second Liberty Loan shows that the people are fully determined to support the war and are prepared to make such sacrifices of

luxuries, pleasures, comforts, and conveniences as may be necessary.

The estimates of the various departments include appropriations already made and proposed supplemental estimates to be submitted at the forthcoming session of Congress. Though the estimated ordinary expenditures (excluding advances to the Allies) for the year average about a billion a month, the ordinary expenditures for the four months' period ended October 31 have been only \$1,296,000,000, or at the rate of \$324,000,000 a month. For instance, the expenditures for the War Department for the four months' period have been fifty per cent. less than was estimated by that department for that period. It may be confidently expected, therefore, that the actual expenditures for the balance of the fiscal year ending June 30, 1918, will not exceed the estimates.

The actual credits to the Allies have averaged \$500,000,000 per month, or within the estimates of the Secretary of the Treasury, and the actual cash disbursements against the credits so established have fallen below the estimates. Of the expenditures made for the account of the United States, as well as those for the account of the Allies, a very great preponderance is for purchases in the United States, so that the operations involve merely a shifting of credits, and have not been a strain on the financial resources of the country. Not only is this true, but every precaution is being taken, by wise restrictions upon the shipment of gold, accompanied by a careful study of the course of international trade, to husband the resources of the country.

The gold monetary stock (coin and bullion used as money) in the United States on November 1, 1911, is estimated at \$3,041,500,000. The increase in the last ten months has been \$174,500,000, while in the last five years it has been \$1,161,333,000. In five years the portion of the world's gold monetary stock held by the United States has



F. R. FENTON  
Secretary



J. E. OLDHAM  
Vice-President



L. CHAMBERLAIN  
Vice-President



G. W. KENDRICK, III.  
Treasurer

Officers Investment Bankers Association

increased from approximately one-fifth to more than one-third.

Now, in order to carry this war to a successful conclusion there are many things, of course, that have to be done. One of the most important of those things is finance. We have got to provide the sinews of war in the shape of financial means if our gallant men upon the field of battle are to be supported, if they are to be made effective for this fight, and while I am not going to discuss these questions thoroughly to-night, I wish I had time, as I should like, to talk to you about them. I do want to say this much: these problems which confront America, these financial problems are not too great for America. When I say this I neither minimize the extent of these problems nor do I in a vainglorious way exaggerate the importance of the people of America. Let us preserve a true sense of proportion, my friends, about these things. Just let us review them for a moment. I have been told, in fact, I have heard rumors of all kinds. I heard all kinds of perfectly wild and irrelevant and extraordinary and amusing rumors these days. Whenever you hear a rumor just make up your mind it is not so and you will be right always. I would like to give you a sample of a few I have heard in the last few—I will give you one. I received a letter the other day in which I was told by a banker from the Northwest that he had been in a conference of bankers about some of the financial operations connected with the Treasury. One of the men present had stated emphatically that Mr. Tumulty, the President's private secretary, had been arrested for treason, that he had been found with important state documents upon his person; that he had been sent to Leavenworth Prison and that he had already been executed. And I was asked if I wouldn't be good enough—he said he didn't believe the story, but he would like to have some assurance as to whether it was true or not.

Now, that is the sample of the kind of things that goes about the country to-day, and so always when you hear a rumor just realize that it is not true, because they are not true; all of this stuff and nonsense you hear can be dismissed at once. We have got too serious and important things to think about to let our minds be absorbed for one second with irresponsible things of that kind.

But I have also heard stories that the Government has to raise for the remainder of this fiscal year \$25,000,000,000. I don't know how such stories originate.

"Now, I want to tell you this, if you will believe the Secretary of the Treasury instead of a gossip monger: What our problem really is—there are two ways of making estimates for the Government, I mean, of figuring on the financial situation of the Government. One is the appropriations made by Congress which are nothing but authorizations for expenditure. The Congress authorizes a certain amount of expenditure in a fiscal year. Now, don't take that at face value. That is merely an authorization. What we have got to figure on is providing the amount of money that will be required to meet the actual expenditures in the fiscal years. Now, the expenditures never as a rule reached the authorizations, and in the present instance the estimated expenditures of the Government for this fiscal year will be far below the authorizations made by Congress on the appropriations. Now, reduced to a few simple phrases it means this: That considering all the authorizations made at the last session of Congress, and considering all those that will be made at this session of Congress to meet what we call deficiencies or re-estimates and after allowing for all the financing that has thus far been done we have got to raise about ten billion dollars before the 30th of next June. About ten billions of dollars. That is the maximum. And out of that there will be a

sufficient balance carried over upon the basis of the present expense to make the Treasury very comfortable for the beginning of the next fiscal year or the beginning of next July, 1918. Now, we have got Liberty Bonds, we have got treasury certificates of indebtedness, and we have got war savings certificates with which to finance that operation. I mean ten billions of dollars will have to be raised through those channels. Of course, taxation is allowed for in reaching the balance that I have given. Now, that is not such a heavy task for America."

Basil P. Blackett, financial expert of the British Treasury, explained the methods employed by the United Kingdom in raising funds. He gave the following interesting account of the work of the National War Savings Committee:

We came to the conclusion that our job was something more than merely to urge people to make small savings. Increased production, we saw, meant increased savings provided the consumption was reduced. Avoidance of waste meant increased savings. Then we began to try and think out the problems in terms other than terms of money. In arguing with bankers and others we came to the conclusion there were a good many fallacies resulting in people thinking in terms of money. And people who cried out about 'business as usual,' said that the one thing to do was to make money circulate because it was good for trade and had to be made and the only way to meet their argument was to show that their talking about money savings was something other than a symbol. To explain, spending money means making other people work for you. It means using up goods and services, and if those are being used up by the individual for purposes that are not essential to health and efficiency, as our phrase went, they were to be used up to the disadvantage of the nation instead of being saved for the purposes of the war. With labor short and material short and tonnage short it was quite obvious that the nation was suffering if the individual citizen was allowed to go on spending on non-essentials or even producing non-essentials, and gradually we got a vision that what was needed was a nation organized for war, and without claiming anything very startling I think I could claim that most of the measures that have been passed in Great Britain from the winter of 1916 onwards in the direction of organizing the nation for war were advocated first of all by the workers of the National War Savings committee and the opinion created by the workers of the National War Savings committee was largely responsible for bringing it home to the Government that these measures were necessary.

An extensive report was made by the committee on railroad securities, dealing with the unsatisfactory condition of railway credit and suggesting means of improvement.

#### SAFEGUARDING OUR OUTSIDE INVESTMENTS

The fact that American capital is now going largely into foreign investments renders the following report of the foreign relations committee of especial interest, and especially so since the proposal contained in the report was approved in a general way by the convention. In presenting this report, the secretary of the committee, Mr. Rosenthal, said:

Long before the entry of the United States into the present world war, the Foreign Relations Committee had been studying the question of the advisability of establishing in this country a committee similar to that of the Council of Corporation of Foreign Bondholders in London. Last year a report was submitted describing the organization, operation and work of the London committee; and this convention at that time directed the Foreign Relations Committee to continue its investigation into the advisability of establishing a similar committee in this country.

The Foreign Relations Committee has, therefore, been in correspondence with the London Corporation of Foreign Bondholders, and with a somewhat similar Belgian Association for the Defense of Public Bondholders. Both of these associations, which have existed for very many years past, were formed through large public meetings and are semi-national institutions.

Conditions here differ largely and public meetings such as those that resulted in the formation of the Council of Foreign Bondholders in England and Belgium are probably not feasible in this country, partly on account of the geographical distribution of our bondholders. On the other hand, it would seem that a committee of this association would be more nationally representative of the investment interests of the country than perhaps any other committee that could be formed. American investors now hold securities of England, France, Italy, Russia, Japan, China, Mexico, Switzerland, Canada, the Argentine and those of other lands, including in some cases the municipalities of such countries. This committee, therefore, recommends to the convention that the regular Foreign Relations Committee of the Investment Bankers' Association be used as the nucleus of a committee which will in time have similar scope and power to the London Foreign Bondholders' Committee.

This enlarged Foreign Relations Committee would at all times keep in touch with the authorities at Washington, and make clear to them the widespread financial interest which this association represents, and which the members of this association have in the securities of the foreign governments that have been placed here. By thus mobilizing the investment resources of the country, the influence exerted would be tremendous. The committee would be in contact with and would coöperate where interests were mutual with the great foreign bondholders' committees of Europe (particularly of London), would use the great moral force of this association in protecting the American bondholder. Should the occasion ever make it desirable, this committee could enlist the help of the issuing houses of any particular country's securities, as well as form special committees representing bondholders of special countries.

If the committee is to do anything effective, it should be given power by the association, and if this convention agrees with and adopts the foregoing ideas, it should authorize the committee subject to direction by the board of governors:

1. To speak on behalf of the association in the newspapers.

2. To consult and advise with the State Department or other Governmental departments whenever such course in the opinion of the committee seems necessary; (in other words, this committee would in this way offer another means of welding the Government and security holders together.)

3. To negotiate with the official or other representatives of foreign countries, whenever in the opinion of the committee the interests of American investors require such action.

4. To form sub-committees whenever in the opinion of this committee it would be advisable to do so. These sub-committees to consist of members of the Foreign Relations Committee, as well as of the representatives of the security holders and of the issuing houses of the loan in question.

It is the belief of your committee that the above-mentioned powers should be granted to any such committee that may be formed, so as to enable it to act quickly and energetically in making effective the great moral force of this association should occasion ever arise. It is our belief that unless such powers are granted, the work outlined above would be very difficult, owing to the impossibility of promptly referring back to a meeting of the association any questions that may arise for final determination.

It would seem that this association would be doing very useful work in forming such a committee to watch over the interests of American investors in foreign government securities, investments which now exceed the colossal sum of something over two or two and a half billion dollars.

#### PRESIDENT-ELECT HAYDEN'S ADDRESS

Warren S. Hayden, the newly-elected president, made the following address:

The activities of investment banking have paused and we may fairly expect that while the war goes on they will be intermittent and restricted. It is only necessary to compare the saving capacity of the country with its war requirement to be convinced that as a rule strictly private demands for fixed capital must be denied. Investment bankers understand this and their attitude toward the situation is not reluctant submission to superior force, but rather recognition that derangement of their business is incidental to that victory for the nation which for them as for all lovers of their country, is the paramount aim. Investment bankers are subordinating every interest to the achievement of national victory. I do not hesitate to say for them that by word and deed they are doing the things which the Government has decided are necessary to victory. They never strove for private gain as earnestly as they are devoting themselves to services which directly contribute to winning the war.

Intent as we are upon the great business of mankind in our time it is natural and proper that we do some thinking about the future of investment banking. When will normal operation be resumed? What changes shall we find, and with what effect? Answers to these questions lie essentially, though of course, not wholly, in the duration of the war. How long will the war last? That is the universal and unanswerable question. Without its answer detailed calculations of the future are merely speculative and of trifling value. The war is and will be prolific of causes making for a new world as yet beyond our vision. There are, however, some elements in the situation of whose general truth and far-reaching significance to investment banking we may feel sure and to a few of these elements I shall briefly refer.

First of all we may confidently say that the normal activity of investment banking will ultimately be resumed. The basis for this is that the service is indispensable to the public interest. We cannot say with like certainty that the service will be rendered by the same men or the same or similar organizations, but the function must persist. Nobody doubts this and our attention from time to time scans whatever may indicate what will be the conditions to which any successful plan must be fitted.

Another proposition which I affirm with confidence is that before the war the service of investment banking was supplied at a very heavy cost. Many of us recognized this. I do not undertake to say that the cost was unnecessary or extravagant, but that it was heavy and should and would tend downward I have no doubt whatever. Investment banking, as we know it, is a

new thing. Its beginning as a vocation of importance is within the memory of men yet in active life. Very possibly we shall come to look upon the history prior to 1917 as within the pioneer period of investment banking. It is to be expected that costs will be highest in the pioneer period and equally to be expected that costs will fall as market widens, system develops and risk decreases. An illustration or two will suggest, but not exhaust, the occasion for high costs. Five houses in one city, members of one syndicate underwriting one issue, simultaneously offer that issue to the same investors, each of whom receives five letters, or five circulars, or five telephone calls, or five telegrams, or five visits from salesmen. Probably each of the five houses employs more than one method of solicitation. *Prima facie*, this is waste, though it would be going too far to say that duplication should be eliminated. Avoidance of all duplication is theoretically economical, but it kills competition and slows down effort. The paradox of life is that when living things attain perfection they are dead. Again, in a nation untrained to thrift and tending to be luxurious, the securities merchant must maintain costly propaganda to extend his market. The cost of this is prudently treated as a current charge and falls, therefore, on current sales. In time greater diffusion of knowledge and an increased number of investors may be expected to combine to bring down the unit cost in this item, but in the pioneer period the undiluted charge lies heavy on the business of that period.

Of interest in connection with this matter of cost is the market effect of Federal war finance. I have heard it said that prior to 1917 there were about 300,000 individual investors in the United States. Whatever their number, it is small compared with the four million subscribers of the first Liberty Loan, and the ten million of the second. Resulting from the Government war issues, we are sure to have a great stimulation of thrift and a wide and satisfactory experience in bond owning. It is to be expected, of course, that relatively few buyers of Liberty bonds will become habitual and en-

thusiastic buyers of the general investment list, but it remains true that in respect to thrift, and bonds as a form of investment, the Government will have done in a year or two what our private enterprise as it was before the war could not have done in decades. Perhaps, for this reason, our too heavy sales expense will tend downward more rapidly than we at one time thought possible.

#### NEW OFFICERS

Prior to adjournment these officers were chosen: President, Warren S. Hayden of Hayden, Miller & Co., Cleveland; vice-presidents, Wm. G. Baker, Jr., Baker, Watts & Co., Baltimore; John E. Oldham of Merrill Oldham & Co., Boston; Lawrence Chamberlain of Hemphill, White & Chamberlain, New York; Frederick A. Yard of the Union Trust Co., Chicago, and Daniel K. Drake of Perrin, Drake & Riley, Los Angeles. Frederick R. Fenton of Chicago was reelected secretary and George W. Kendrick III. of Philadelphia was elected treasurer. The following were elected governors to fill new and unexpired terms: J. Sheppard Smith, Mississippi Valley Trust Co., St. Louis; Roy C. Osgood, First Trust and Savings Bank, Chicago; Herbert Witherspoon, Spokane and Eastern Trust Co., Spokane; John A. Prescott, Prescott & Snider, Kansas City, Mo.; T. Johnson Ward, Cassatt Co., Philadelphia; H. C. McEldowney, Union Trust Co., Pittsburgh; Will H. Wade, Fletcher-American National Bank, Indianapolis; Roby Robinson, Robinson-Humphrey Wardlaw Co., Atlanta, Ga.; J. S. Wilson, Jr., J. S. Wilson, Jr., & Co., Baltimore.



# National Thrift Day Begins in the Bank

By CHARLES H. NORTON

**T**HOUGH it was never intended that National Thrift Day, February 3, was to be solely observed by opening a bank account, or adding to one already established, the bankers of this country nevertheless feel that it has brought them more than their share of benefit and that they are to be congratulated, particu-

initiative of the American banker that will be known around the world. All signs portend that the spirit of National Thrift Day of war times will be registered in history as one of the mighty factors for permanent peace.

National Thrift Day has grown far beyond the expectation of the original army of participants, and by compari-



"This is the emblem that expresses the spirit of National Thrift Day"

larly in connection with the next National Thrift Day observance.

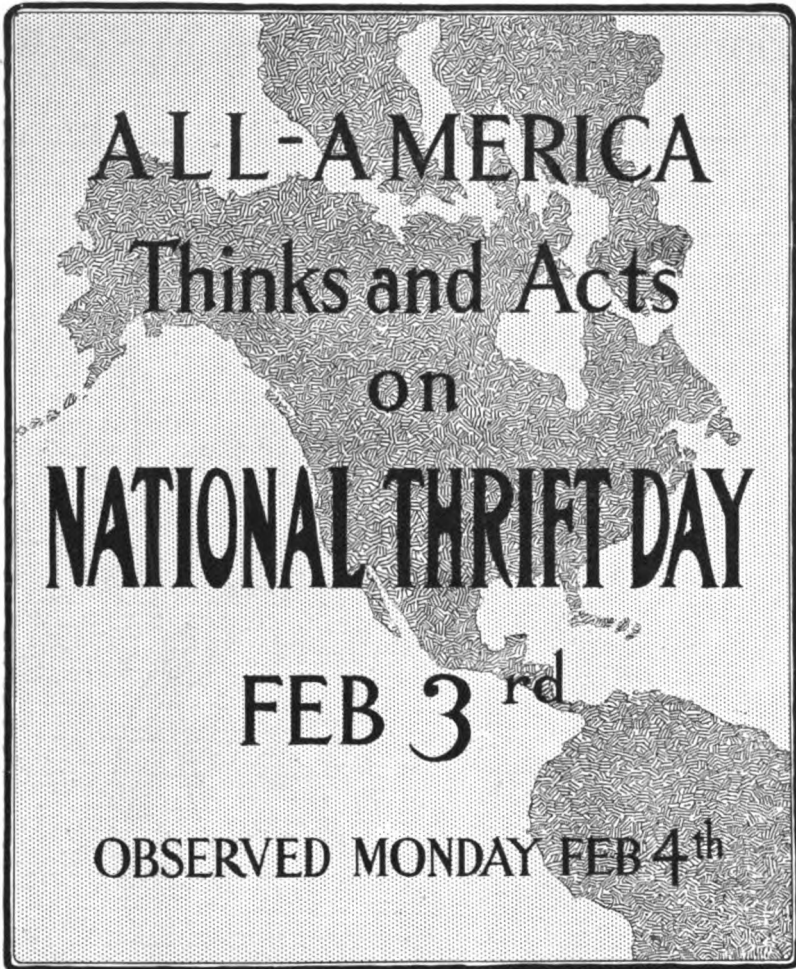
It is to these several hundred financial institutions who in 1916 gave their enthusiastic coöperation in the first observance of National Thrift Day, that special credit is to be given.

Bankers are sometimes charged with unwillingness to take the leadership in any new idea or movement, but in National Thrift Day, February 3, they will forever have a monument to the

son in numbers, though possibly not in enthusiasm, they become almost insignificant.

Aside from the thousands of bankers who are planning to give National Thrift Day a prominence such as it has never known, in their respective communities there are hundreds of other organizations that will vigorously participate in the next annual observance—Feb. 3-4, 1918.

The Young Men's Christian Asso-



(c) COLLIER

"Reproduction of the National Thrift Day Poster Stamp that is being displayed not only throughout the United States but close to the battle-scarred warfields in Europe"

ciation, through its National War Work Council, will carry the Thrift Day idea into the trenches in Europe, and with the inclusion of Canada, where the interest is very keen, National Thrift Day no longer is national, but becomes international, and yet the idea is still in its infancy.

With the financial institutions, the local Young Men's Christian Association organizations will coöperate. Also there are the local chambers of commerce, and many schools where books on the subject of thrift will be distributed on Thrift Day.

A large number of the leading life insurance companies are planning to coöperate in both national and local observances, while government officials, both federal and state, are signifying their intention to participate.

The reason for all this enthusiasm is quite apparent. National Thrift Day furnishes the positive and definite keynote to patriotism that can be sounded simultaneously by millions of people in every walk of life and of every age, nationality and denomination. The one day for observance for all the people and by all the people.



(c) Collins

From "Thrift of Today Sketch Book"

"From the neck up, thoughts govern earning capacity"

Since our country has become involved in the war, much has been said and suggested in regard to thrift, but Thrift Day is the culmination, the centralization and demonstration of all that has been discussed.

That the Thrift Day observances that have gone before paved the way for concerted action on the part of bankers and civic organizations in handling the sales of Liberty Bonds has been frequently stated, but even though this may be but partially true, the fact nevertheless remains that previously for two years there had been one day in each of the three hundred and sixty-five when there was concerted action for national thrift.

While, heretofore, so far as magazines have been concerned, the discussion of National Thrift Day has been somewhat confined to those published in the interest of banking, it has been interesting to note that Thrift Day of 1918 will be featured in many of the leading literary magazines of nationwide circulation.

Last year thousands of newspapers treated largely of National Thrift Day; many running special Thrift Day editions. Next year, according to the

plans on foot, the big news disseminating bureaus will distribute the story of National Thrift Day to practically every newspaper in this country, Canada and South America.

This means much to the banker, because in the final summing up the evolution of the practice of thrift is toward the bank. Therefore, it is a just recognition of the broad spirit that prompted the bankers to establish National Thrift Day that they should receive benefit and profit.

In connection with the observance of next National Thrift Day, it is planned to distribute to public schools copies of the prize-winning and some of the honorable-mention essays, in the National Thrift Day Prize Competition, carried on last Thrift Day, and which was open to members of banking staffs. These articles written a year ago are particularly appropriate for distribution among school children at this time. Some of the writers it seems were almost prophetic in voicing a certain need for a national unified movement for thrift, which finds its conception in the observance of National Thrift Day, February 3.



(c) Collins

From "Thrift of Today Sketch Book"

"From the neck down, a man is worth \$1.50 per day"

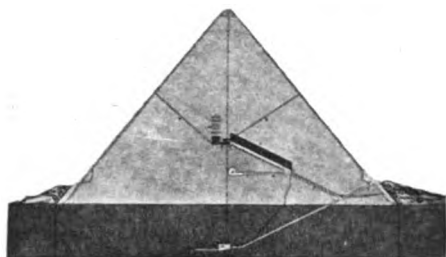
# Safety Deposit Vaults at the Dawn of History

By H. H. MANCHESTER

**T**HE development of the safety deposit vault seems to many of us a comparatively late feature of banking, and certainly its advantages are not yet appreciated as widely as they should be.

The facts are, however, that many phases of the safety deposit vault are as old as human intelligence, and that the greatest safety deposit vaults that the world has ever known were constructed at the very dawn of history, some 6,000 years ago.

Most of us have considered the pyramids as mighty monuments built to per-



The interior passages of the greatest of safety deposit vaults, the pyramid of Khufu, 4000 B. C.

petuate the names of the kings who constructed them, but this was not their real purpose at all. They were gigantic safety deposit vaults to preserve the most precious of all the king's estate—his mummy. This was the direct outcome of the Egyptian religion. The Egyptian believed that his soul would live as long as his body endured. Therefore during his lifetime he made every provision to have his body preserved after death, and to build an everlasting safety deposit vault for his mummy.

This point of view explains not only the pyramids but their interior passages and chambers.

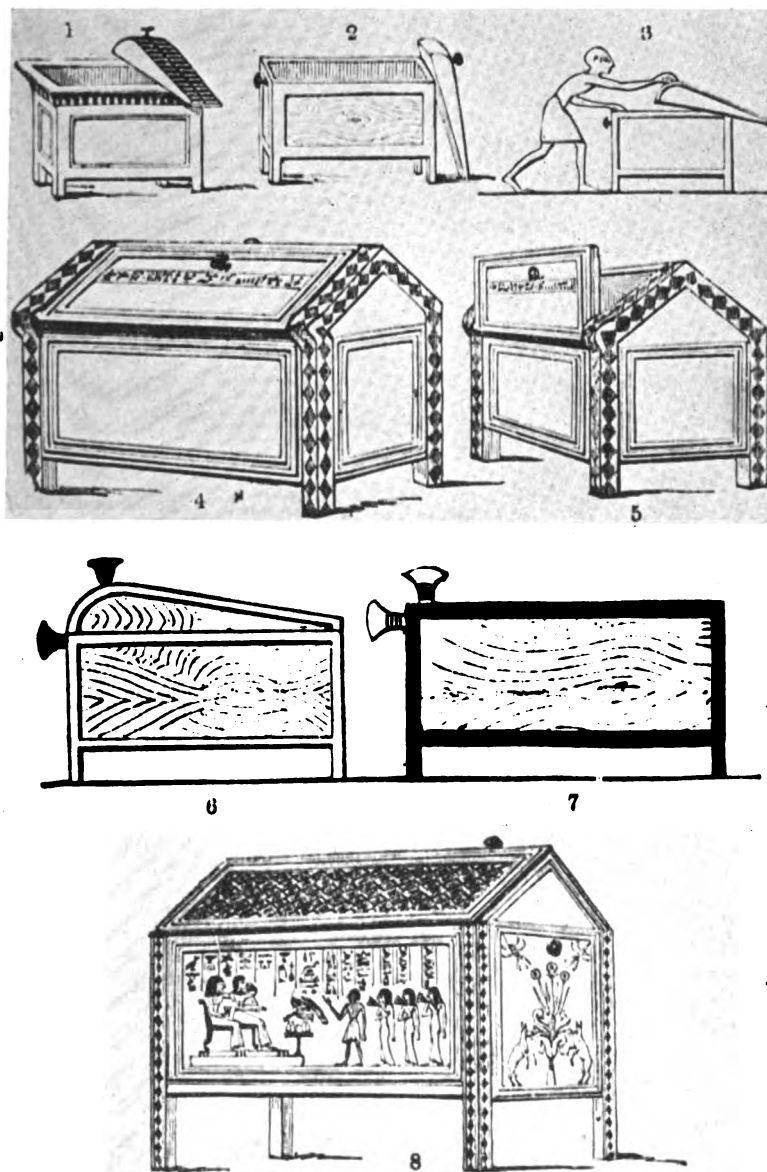
And what tremendous safety deposit vaults they were! The largest pyramid, that of Cheops or Khufu, was 756 feet square, 480 feet high, and required twenty years in building.

The entrance was carefully concealed. It was about forty-five feet from the ground and was underneath a secret block of granite. Behind this was a passageway only about four feet high, which led downward beneath the pyramid. About sixty-two feet from the door in the roof of the entrance-way was another block of granite behind which was a second secret passage. One branch of this ran horizontally to a chamber at the center of the pyramid, which is sometimes called the Queen's Chamber. The other branch ran upward and became a large gallery, twenty-eight feet high and 148 feet long. At the end of this was another great block of granite, back of which was the vault of the king.

Thus in order to get to the king's vault, marauders would have had to find and make their way through three secret granite blocks.

It is little wonder that the pyramid preserved its contents inviolate for 4,000 years, and that when it was finally despoiled by the Arabs they could not find the original entrance and had to make a false one.

The penchant which the Egyptian had for depositing his valuables in a safe place was evinced also in the large number of storage and treasure houses throughout the country. Practically every noble had his own warehouse, which was used to store almost every product of Egyptian industry. This included not only grain, provisions and



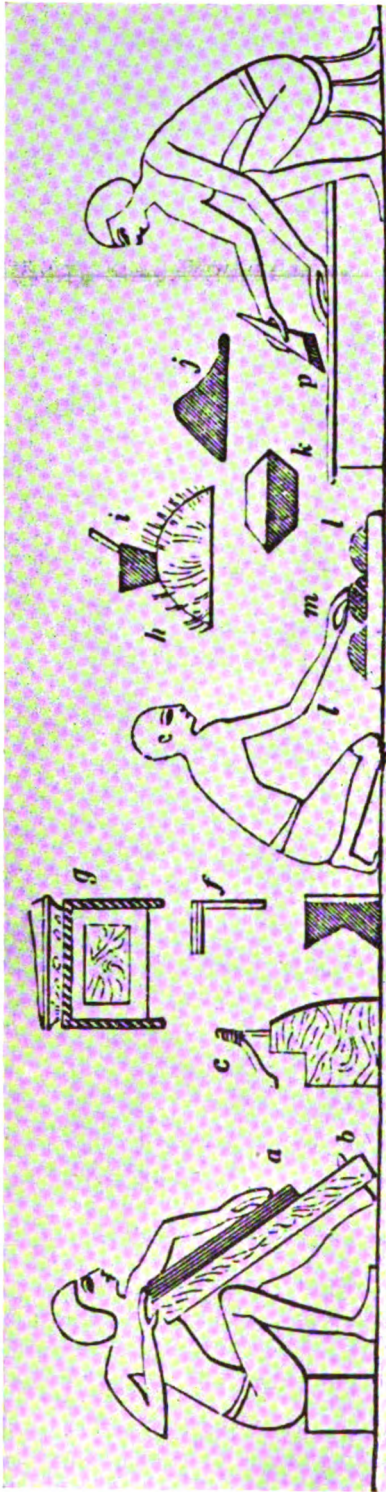
Various representations of Egyptian strong boxes ; the lower cut shows the strong box of an Egyptian king

wine, but precious metals, jewelry, wrought ware, pottery, linen cloth and other valuables.

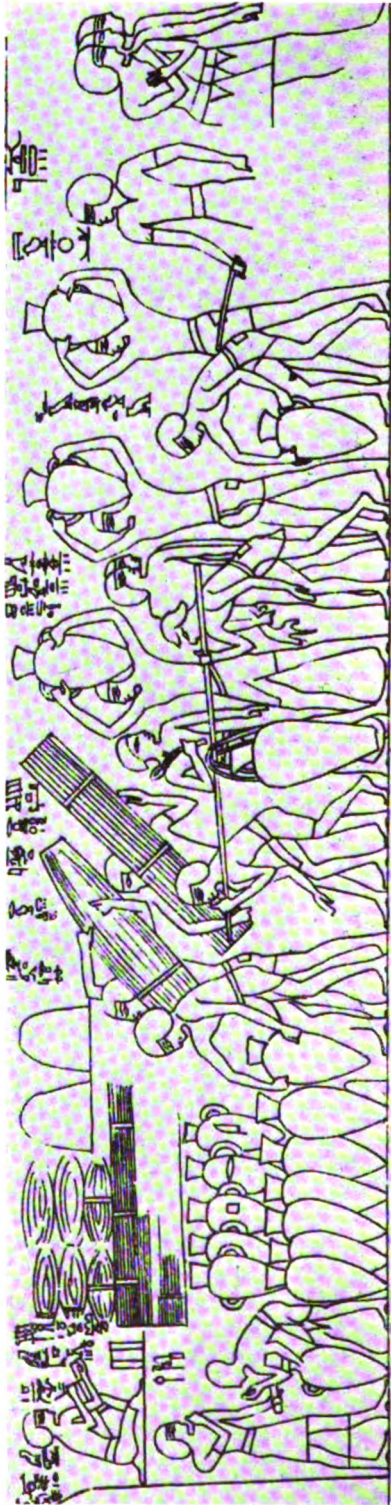
In addition to such general storage houses, the greatest nobles had treasure houses which were devoted exclusively to the most precious articles. These

treasure houses, however, seem to have been for the private use of their owner, and not rented out to the public as is done to-day.

In addition to the treasure house itself, Egyptians of importance had strong boxes or chests in which they



Making a strong box in ancient Egypt



Carrying goods to the treasure house

kept their smaller and more precious possessions.

These chests were regularly of wood. They were constructed of planks dressed with an adz, mortised, glued, and held together with pegs of hard wood. They generally had four legs, and a flat or spirally-curved top. The lid lifted, swung on a peg, or turned on a hinge. They were usually polished and painted, and were sometimes inlaid with ivory, silver, or enamelled plaques.

A number of such chests filled with valuables have been found in the tombs along with the mummies.

Locks were already invented, but were so simple that they could be turned with a right-angled key.

The Egyptians had no true money, although they used metal rings as counters in bartering. This was perhaps one reason why treasure houses and safety deposit vaults were all the more necessary. The system of loans with interest was, however, in use, and the lenders were forbidden to receive more than double the original amount.

On the whole, the Egyptians seem to have had all the material factors for a safety deposit system, but never developed the principle of renting out the privilege of depositing valuables. Their method provided for the wealthy families, but offered no accommodations for the man whose possessions were insufficient for him to build a treasure house in which to keep them.

Babylonian customs in finance and deposits at the beginning of history are well represented in the Laws of Hammurabi, King of Babylon, about 2250 B. C.

They had already developed a money system, and interest. In spite of the fact that their records had to be inscribed on clay bricks, which were afterwards dried in the sun, they had devised notes, mortgages, contracts, and even drafts. Many such forms have been unearthed which date from the earliest period.

Although they were far behind the Egyptians in the building of treasure houses, they had advanced much closer to the principles of modern banking and safety deposit vaults.



The gallery of the great pyramid, the greatest of safety deposit vaults

The charge for the storage of grain, according to Hammurabi's laws, was "5 ka per gur per year," or about one sixtieth.

Deposits of valuables had to be made in the presence of witnesses or by contract. As the law read, "If a man give to another silver, gold, or anything else on deposit, whatever he gives, he shall show to witnesses, and he shall arrange the contract at the time he makes the deposit."

If he did not do this, he could not recover if the deposit were denied. If

the deposit were denied, but proved, the receiver had to return double.

In case of pillage or burglary "the owner of the house who had been negligent and has lost what has been given him" had to "make good and repay the owner of the goods."

A rather interesting law was that "if a man should receive in trust or purchase silver or gold from a man's son or servant without witnesses or a contract, he should be put to death as a thief."



## Postal Savings Deposits Owned by Subjects of Austria-Hungary

THE following notice has been issued by the Postmaster General:

"Declaration of war with Austria-Hungary will not change the status of citizens or subjects of Austria-Hungary resident in this country. Such persons are not included within the term 'enemy' as employed in the Trading with the Enemy Act, and their property in this country will not be molested or interfered with in any way.

"Deposits in the Postal Savings Banks of the United States, and deposits in other banks and banking institutions, belonging to citizens or subjects of the Austro-Hungarian Empire, resident in this country, are not liable

to seizure by the Government and will not be taken into possession by the Alien Property Custodian. There is no reason whatever why such persons should be concerned about their property, real or personal, or their funds in bank, or securities or other investments.

"Under the Trading with the Enemy Act the test of enemy character is one of residence and not nationality. The Alien Property Custodian will take into his possession only the property in this country held for, or on account of, or for the benefit of persons who are actually resident within the enemy territory."



## New Counterfeit \$5 Federal Reserve Note

ON the Federal Reserve Bank of Chicago, Illinois, (7-G), check letter "A," W. G. McAdoo, Secretary of the Treasury, John Burke, Treasurer of the United States, portrait of Lincoln.

This counterfeit is a straight-out photograph, on two pieces of paper, between which a few silk threads have been distributed. It should be easily detected by any one accustomed to handling money.

# International Banking and Finance

SPECIAL

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MAGAZINE**

SECTION

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STRICTLY A COMMERCIAL BANK

# The Royal Exchange, London

The Royal Exchange in London is a place which every American banker who travels abroad is sure to visit with interest. The historical sketch which we reprint below from *The British Trade Review* gives a fascinating account of this time-honored commercial institution.—Editor Bankers Magazine.

**M**ORE than two hundred years ago, says the "British Trade Review," Addison wrote, "There is no place in the town which I so much love to frequent as the Royal Exchange." As the meeting place of merchants and a monument to the commercial supremacy of this country, it appealed to the imagination of the great essayist and inspired him to write one of the most charming of his papers. "It gives me," continues his essay, "a secret satisfaction and in some measure gratifies my vanity as an Englishman to see so rich an assembly of countrymen and foreigners consulting together

upon the private business of mankind and making this metropolis a kind of emporium for the whole earth."

The meeting place which inspired Addison's paper was not the present Exchange, nor was it the original one, but a building which stood on the site of the now existing edifice and was destroyed by fire in 1838. The Royal Exchange as we know it to-day was built in 1842, but the city owes the origin of this commercial landmark to Sir Thomas Gresham, or rather to his father, Sir Richard Gresham, for the son carried out in 1566 what the father planned nearly thirty years earlier. It



"On most days of the week the Royal Exchange is open to the public, and London has few visitors from overseas who fail to spend a short time in this beautiful building"

(The Royal Exchange is in the centre of the above illustration, and the Bank of England on the left)

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was the Burse at Antwerp that gave Sir Richard the idea of planning a similar building for the merchants of the city of London. At that time the meeting place of London merchants was in Lombard street, where they assembled twice a day, wet or fine, in the open air. In 1537 Sir Richard Gresham, who was Lord Mayor of London at the time, laid his proposal before Cromwell, then Lord Privy Seal, and before going out of office in the following year Sir Richard recalled the matter to Cromwell's notice in a letter the wording of which was, according to our present day notions, so quaint that we reproduce it here. The letter was as follows: "The last yere I shewyd your goode lordeshipe a platte that was drawn howte for to make a goodely Bursse in Lombert strete for marchaunts to repayer unto. I doo supposse ytwyll coste ij M li. (£2,000) and more, wyche shalbe very beautyfull to the citti, and allsoo for the honor of our soverayngne lord the king. But ther ys serten howssis in

the sayd strete belongyn to Sir George Monnocks; and excepte wee maye purchesse them, the sayd Bursse cannot be made. Wherfor, yt may please your goode lordshipe to move the kyngs highness to haue hys most gracious lettyrs directyd to the sayd Sir George, wyllynge and allsoo commaundyng hym to cawse the sayd howssys to be solld to the mayer and commonaltye of the city of London, for such prices as he dyd purches them for; and that he fawte not but to accomplyshe hys gracious commandement. The lettyr must be sharpley made, for he ys of noe jentyll nature; and that he shale giffve further credens to the mayer, I wyll dellyver the lettyr, and handyll him the beste I can; and yf if I maye obtaynege to have the sayde howssys, I dought not but to gather oon M pounds (£1,000) towerde the bulldynge, or I departe howte of myne office. There shale lacke noe goode wyll in me. And thus our Lorde preserve your goode Lordeshipe in prosperous helthe, longe to contyn-

ewe. At London the xxv daye of July (1538)."

Sir Richard was not successful in his design, but, as Mr. Charles Welch, the late librarian of the Corporation of London, relates in his excellent account of the Royal Exchange prepared at the request of the Gresham Committee, to him belongs the credit of having originally projected the "goodlye bursse" which his son, under more favorable conditions and with his lavish wealth, constructed. The foundation stone of the first building was laid on June 7, 1566, and one hundred years later Gresham's Exchange perished, with the greater part of the city, in the great fire of 1666. As showing the enterprise and grit of the merchants of those days, it is worthy of note that while the conflagration was still raging the Court of Aldermen held a special meeting, when an immediate provision was made for the traders whose meeting place lay in ruins. It was ordered that "the Exchange shall bee kept in the gardens or walkes of Gresham House which is to bee speedily fitted and prepared for that occasion; and the Governor of the East India Company is therefore desired to remove the pepper out of the said walkes with all convenient speed." But London was not long without an Exchange, for it is recorded that "the King's Majesty, King Charles the Second, came to the Royal Ex-

change on the three and twentyth of October, anno 1667, and there fixed the first pillar at the re-edifying thereof, which is that standing on the west side the north entrance. He was entertained by the city and company with a chine of beef, grand dish of fowl, gammons of bacon, dried tongues, anchoves, caviare, etc., and plenty of severall sorts of wine. He gave 20*l.* in gold to the workemen. The interteynment was in a shedd, built and adorned on purpose, upon the Scottish walke." The new building was opened in 1669.

The second Royal Exchange met the same fate as the first. It was destroyed by fire, which began in Lloyd's rooms on the night of January 10, 1838, and as the historian quaintly records, the last tune played by the bells was: "There's nae luck about the house." So severe was the conflagration that nothing remained of the building except the statue of Charles II. The Corporation of London lost no time in making their plans for the erection of a new edifice, and in January, 1842, His Royal Highness, Prince Albert, laid the foundation of the present building, which is one of the most familiar objects in the city.

#### THE PRESENT BUILDING

It was opened by Queen Victoria on October 28, 1844. The new site included most of that of the former Exchange, but its length greatly exceeded that of the old. The accompanying sketch gives a much better idea of the present building than could any description in words. Mr. Welch, in his interesting account, which we strongly recommend to readers who would like to know more about this imposing edifice, describes the architecture as florid, and even exuberant, characteristic of commercial opulence and civic state; the leading idea of the plan is from the Pantheon at Rome. As to the interior, this consists of the open merchants' area, resembling the *cortile* of an Italian palace; its form, like that of the building, is a parallelogram, and the inner area is exactly a double square. The ground floor is a Doric

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colonnade with rusticated arches. The upper floor contains four suites of apartments, the principal suite being appropriated to the underwriters' establishment of Lloyd's. Lloyd's occupies all the east end and a principal part of the north side. Lloyd's subscription rooms are approached by a fine Italian staircase. The rooms are in the Venetian style, with Roman enrichments; they are: The subscribers' or underwriters', the merchants' or reading room, and the captains' room, now used as a restaurant. The name "Lloyd's" is derived from a coffee-house kept towards the close of the seventeenth century by Edward Lloyd, and frequented by men interested in shipping. The greater part of the west end is appropriated to the Royal Exchange Assurance offices. The south side is principally occupied by the ancient corporation of the London Assurance, which has an entrance and offices on the same side on the ground floor. On the remaining part of the

south and west upper floor are a suite of offices. Nowadays the merchants' area is only used for half an hour each day—from 3:30 to 4 o'clock in the afternoon. On most days of the week the Royal Exchange is open to the public during certain hours, and London has few visitors from overseas who fail to spend a short time in this beautiful building, admiring its interior decorations and its beautiful pictures painted by some of England's greatest painters.

Of the original Exchange little remains in the present building except the central paving of the area; this consists of the old Turkey stones, which were imported from abroad by Gresham, and escaped the great fire of London. One of the greatest attractions of the Royal Exchange from the point of view of visitors is the series of paintings in the large panels in the walls of the ambulatory. These represent scenes illustrating English history as connected with the history of the city of London. The first, which was unveiled in 1895,

was painted by Sir Frederick Leighton, and the subject treats of the dawn of British commerce, the title being, "Phœnicians trading with the Early Britons on the Coast of Cornwall"; and the last of the series, by Robert W.

Macbeth, A.R.A., representing the opening of the Exchange by Queen Victoria, was unveiled in the same year. Since then practically all the other panels have been filled with beautiful paintings appropriate to the setting.



## Foreign Banks in New York

By The New York Agent of the Bank of Naples

AS manager of the New York agency of the oldest credit institution in the world, "Il Banco di Napoli," founded in Naples in 1539, allow me to express to you my heartfelt congratulations for the sincerity, frankness and competence, with which you have treated, in your article on "Reciprocity in International Banking," which appeared in the August number of THE BANKERS MAGAZINE, laws of the United States use toward foreign banks in this country.

The experience gained in the past ten years at the head of this agency places me in a position to share your ideas, and it is with pleasure that I bring to your knowledge of having had myself occasion to treat on the same subject in a brief article published in the August number of the "Italian Review."

Omitting for the present to consider the conditions resulting from the prohibition imposed upon foreign bank agencies of granting discounts, permit me to consider briefly the consequences of the other inhibition made to these agencies of receiving deposits—consequences that, from my point of view, are not for the welfare of this country.

Let me say once more, that my observations are the result of my experience, but I do not believe myself far from the truth in thinking that they may be applicable also to other agencies of foreign banks operating in the United States.

The different people of the world in general, and particularly the classes not highly cultured, are ordinarily excessively attached to their motherland, and if the material needs of life compel them to find elsewhere better living, they always leave behind them a streak of love, predominated by the thought that some day they will return to the old fireplace of their beloved home, to enjoy the modest fortune, the fruit of a more or less long and hard work in other lands.

The Italian immigrant is, among others, possessed perhaps of a greater spirit of attachment to his native country. He leaves it because, unfortunately, he does not always find in it enough to satisfy the wants of his family and himself, or because of the attracting and tempting chances of a future fortune offered by a foreign land.

Abroad he is a tireless and sober

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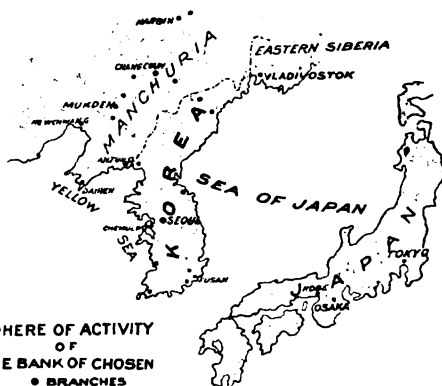
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worker, and endeavors to save his earnings as much as possible.

With the constant thought of his return to his country the Italian worker, and like him undoubtedly many others of different nationalities, very seldom, or only temporarily, deposits his savings in banks of the country to which he has emigrated; while, on the other hand, no sooner has he saved a little sum than he hastens, for fear of loss or theft, to send it to his relatives in Italy, or to a savings bank in Italy, not being able, for reasons well known to you, to deposit it in some agency of an Italian institution in the United States.

And right here it is well that I add that the Italian worker does not patronize American banks, not for want of trust in them, but either because he does not know the language, or because, modest as he is, he feels humiliated to enter such banks, usually set up with a luxury much superior to his condition.

In the meantime, and here is the es-

sential point of the argument, not unfrequently it happens that while an immigrant has a certain sum of money deposited abroad, he finds himself in need of it. Considering, however, that in order to draw it it takes almost two months under normal conditions, and its withdrawal involves the expense of a power-of-attorney to be sent to some person he can trust in his country, and the eventual loss of a considerable amount due to the ups and downs of the exchange rate—especially if the need is impelling—in spite of the fact that he has money, he must borrow.

While if this want of money follows merely from a whim—as, for instance, purchase of jewelry, clothes or other objects of luxury, or from a pure desire of spending it for amusement, or to attempt at speculation if immediate opportunity were offered, as in the case of auction sales of various kinds, or of investments in local bonds, etc.—the immigrant must renounce what he would do, for the simple reason that

he hasn't the necessary amount ready at hand, and is discouraged with the thought of the long time it takes, and the expense he must meet with if he would want to withdraw it from abroad.

Furthermore, considering the habits of the Italian worker to prefer to the American bank the branch of an Italian institution well known to him, where his language is spoken, and from which he gets many little services that cannot be rendered him by the American banks if the agencies of foreign banks were authorized to receive deposits, it is evident that the depositor would, for every and any circumstance, withdraw partly or wholly his money.

The foregoing, I think, shows how disadvantageous such prohibition is to the country in general, for instead of trying to absorb the savings of the immigrant to the benefit of the ever-increasing local prosperity, it goes to the benefit of a foreign nation.

Speaking for my institution, I will sincerely say that the Banco di Napoli is not at all desirous of obtaining for its New York agency, the savings service, for the reason that if granted, the American banking authorities would impose, and justly, a deposit of a collateral with them to guarantee the depositors. It would, therefore, result that the Banco di Napoli, as a national bank entitled to the issue of bank notes, would be expected to comply with the special Italian laws, which regulate the issuing banks to increase proportionately, even in Italy, their guaranty in favor of the New York depositors.

If, taking into account the considerations above shown, the banking authorities of the State of New York should concede to the agencies of foreign banks the privilege of receiving deposits, the Banco di Napoli would assume this service merely to facilitate the interests of Italians here, and at the same time to the advantage of this country, and the disadvantage of their own.

Keeping myself upon the subject of disparities in the treatment between American banks and foreign banks, I beg leave to extend a question to those



## Advice to Investors

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NEW YORK CITY.**

competent in the matter: that is, to know the reason why prohibition is also made to foreign banks to open and operate more than one agency not only in this city but in the whole state, as it seems to me that the banking laws of the State of New York do not contain definite dispositions on the subject.



## Japanese Postal Savings

THE "Japan Advertiser" states that for the first time since the inauguration of the postal savings-bank system in Japan deposits in the Government savings bank have reached more than 400,000,000 yen (\$199,400,000). The figures registered on October 10 were

## COX & CO. (France) Ltd.

place their branches in France at the disposal of the Military and Naval forces of the United States, in Europe, for the remittance of funds and general banking business.

This bank was formed as a subsidiary of Cox & Co., founded in 1758, 16 Charing Cross, London, the official British Army Agents, for the convenience of the British Army in France.

Branches have been established with a British Staff at all the chief military bases.

Paris, Rouen, Havre, Boulogne, Amiens, Marseilles,  
and agencies at

COX & CO., 16 Charing Cross, London,  
and

LONDON & SOUTH-WESTERN BANK, LTD.,  
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who are the joint proprietors.

400,238,000 yen (\$199,518,643). Compared with the corresponding date in 1916 the total represents an increase of 116,000,000 yen (\$57,826,000). "This

speaks much," says the "Advertiser," "for the prosperity that all classes of people in Japan are enjoying because of the war."



## The Credito Italiano

THE war is rendering more intimate the relations between the Allied Nations, and their intimacy increases not only in the military field, but also in the field of economic and financial coöperation. The Treasury departments and the largest credit institutions of the various countries develop an intense activity towards an inter-Allied coördination of the monetary and banking resources.

Outside that of London, there has come into existence another world monetary center, that of New York; to these two poles converge and from them depart the great international monetary currents.

Owing to the increasing importance of the American monetary market and to the coöperation between the credit institutions of the Allied countries, the principal banks of Europe have recently opened agencies in New York. In February last, the Credito Italiano appointed as its representative in New York, Mr. Felice Bava, joint-manager of its Genoa branch, who has opened an office at 66 Broadway. The chief object of this office is to maintain direct

and personal contact with the American banks that are clients or correspondents to the Credito Italiano.

As it is generally known, the Credito Italiano is one of the largest banks in Italy, having a paid-up capital of 100,000,000 lire and a surplus of 15,000,000 lire. It was established in the beginning of 1895, with the absorption of the Banca di Genova. Its development has been gradual and continuous. At present it numbers over forty branches throughout the Kingdom, and the general turnover of its accounts exceeds 100,000,000,000 lire. At the end of July, 1917, the deposits exceeded 1,300,000,000 lire, representing a vast and varied clientele. The subscriptions to the Italian War Loans at the offices of the Credito Italiano reached 1,250,000,000 lire, the largest amount of subscriptions received by any credit institution in Italy.

The figures of the last statement of accounts of the Credito Italiano, end of September, 1917, show, besides the importance of its resources, also its high percentage of quick assets, viz.:

# London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Paris Branch: 16 Rue Halevy.

Antwerp Branch: Temporarily in London.

	(£5 = £1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,000,000

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(Lire—\$193)

Shareholders account.....	261,750.00
Cash .....	87,787,251.40
Bills receivable on Italy and foreign countries .....	1,068,136,776.95
Loans against collateral securities .....	69,423,925.85
Correspondents .....	441,365,744.65
Investments .....	14,056,532.80
Participations .....	5,169,793.00
Freehold bank premises.....	12,500,000.00
Sundry debtors .....	35,977,233.85
Customers' liability and securities against guarantees.	52,433,198.55

1,787,112,207.05

## CROSS ACCOUNTS

Securities be- longing to clerks' prov- ident fund..	4,149,376.50
C a u t i o n - d e - p o s i t s .....	2,480,399.00
Securities ....	1,200,727,185.95
	<u>1,207,356,961.45</u>

2,994,469,168.50

## LIABILITIES

(Lire—\$193)

Capital .....	100,000,000.00
Reserve fund .....	15,000,000.00
Current accounts and de- posits .....	337,448,688.55
Correspondents .....	1,135,150,587.00
Acceptances on account of customers .....	38,710,585.70
Cheques outstanding .....	41,255,081.05
Sundry creditors .....	58,997,113.75
Guarantees on account of customers .....	52,433,198.55
Profit .....	8,116,952.45

1,787,112,207.05

## CROSS ACCOUNTS

Clerks' prov- ident fund.	4,149,376.50
C a u t i o n - d e - p o s i t o r s ...	2,480,399.00
Securities ....	1,200,727,185.95
	<u>1,207,356,961.45</u>

2,994,469,168.50

The Credito Italiano takes a keen interest in the industrial progress of Italy and in the development of its foreign trade. In 1911 it opened a branch office in London, which acts there as the correspondent of the Royal Italian Treasury. Together with a financial Belgian group (*Société Générale de Belgique*, and *Banque de l'Union Anversoise*) it created the *Banque Italo-Belge*, with branch offices in Buenos Aires, Montevideo, Rio de Janeiro, Santos, Sao Paulo and Campinas.

In 1916 the Credito Italiano and an English group, headed by the *Lloyds Bank* and the *London County and Westminster Bank*, created the *British-Italian Corporation* in London and the *Compagnia Italo-Britannica* in Milan, whose joint programme is the development of trade between England and Italy. Recently, as aforesaid, the Credito Italiano has appointed Mr. Felice Bava as its representative in the United States.



## Conditions in the Argentine

FROM Messrs. Ernesto Tornquist & Co., Ltd., Buenos Aires, is obtained the following information relating to conditions in the Argentine Republic:

### POLITICS

The advent of the Radical Party to Government has brought about an era of intense political contention which is taking up a good deal of the Government's time, and causing delays in the administration of state affairs.

The new Government is bent on economy and on balancing the budget, by means of new sources of income.

### GENERAL ECONOMIC SITUATION

The great demand which prevails for Argentine products has continued to influence prices favorably; the cost of living has risen in proportion and has already attained a high level.

The principal characteristics of the present economical situation are:

Top prices for wool, decline in recent record prices for cereals, continued export of meat and of quebracho extract to fullest capacity of the available shipping space, scarcity of tonnage rendering export of many products difficult, steadiness of exchanges in favor of this country, increase of bank deposits

and augmentation of petroleum production, good demand for cattle, gradual advance in prices for good camp properties, good prospects for wheat, oats and linseed which have been sown under favorable climatic conditions throughout the country.

Decline in custom house revenues on account of smaller imports due to shortage of tonnage and export prohibitions of foreign countries stimulating expansion of home industry and exploration of the country's raw materials for the purpose of substituting alien products.

In view of the export restrictions imposed by nearly all the countries at war on articles which hitherto have been purchased abroad, the Government is actively studying the possibility of promoting industries to work up the raw materials of the country, especially as regards fuel and the manufacture of paper, of textiles for bags and of barrels, of which large quantities are required.

### NATIONAL WEALTH

A very interesting study has been published lately by a competent authority on the wealth of the Argentine Republic in 1916, estimating it at the following figures:

	In Million \$ Paper.
Land (Census 1914) .....	10,623
Installations adhering to the land..	1,074
Towns and villages. ....	6,800
Furniture, clothes, objects of domestic use and objects of art.....	1,700
Cattle (Census 1914) .....	3,203
Agricultural and animal products in course of production, on transport or in stores .....	1,250
Industrial products in course of manufacture, on transport or in stores .....	1,650
Agricultural machinery and tools (Census 1914) .....	405
Industrial machinery and tools.....	440
Gold .....	796
Railways (35,432 kilometers on 31st of December, 1915) .....	3,375
Tramways, telegraph and telephone installations, electric light and gas works .....	680
Harbor works, canals and ships....	660
<b>Total .....</b>	<b>32,656</b>
<b>Equal to .....</b>	<b>£2,850,920,000</b>

This may be considered an approximate estimate of this country's wealth. This is equal to \$4,049 paper (£353.10) per inhabitant.

## GOLD

On account of the temporary complete interruption of the service of the Dutch steamers, and of the subsequent change in their route, no further gold has been brought to this country from the funds deposited with the Argentine Legations abroad.

Our reserve in gold is thus 73.32 per cent. of the legal parity of the outstanding notes, the same as on the 26th of March, 1917, and on the 21st of August, 1916; whilst on the 31st of December, 1914, it only represented 66.32 per cent. Such a high reserve is, to-day, almost unique in the world.

Since the Caja de Conversión was

opened in the year 1899, the gold deposits held by it on the 31st of December were:

In:	Gold.
1900 .....	.....
1905 .....	90,152,048.90
1910 .....	185,994,385.95
1915 .....	237,291,606.93
1916 .....	260,320,952.28

Besides there are deposited in our local banks, including the Banco de la Nación Argentina:

\$62,895,369—Gold in coin.

## FOREIGN CAPITAL

The state of war between the United States and the European Central Powers seems to have temporarily checked the starting of new North American enterprise in this country; only a few new important investments have been published lately.

It has been announced that the Frigorífico Swift de La Plata has purchased a large plot of land near the Port of Rosario, for the purpose of erecting a large freezing factory.

The First National Bank of Boston opened its branch office in Buenos Aires on the 14th of July last.

Several Japanese emissaries are studying the advisability of opening banks in Brazil and in Argentina, after a regular commercial intercourse between these countries and Japan has been established by means of a direct Japanese steamship line.

The Scandinavian countries also show keen interest in getting into closer touch with the Argentine. A few months back, the Skandinavia, an important Re-assurance Company of Copenhagen, opened a branch office in this city.

Furthermore, a Norwegian Company

Total Reserve .....	Gold	\$326,850,063.56
As guarantee for a circulation of.....	Paper	\$1,013,132,012.90
At the legal exchange of 100 paper pesos for 44 gold pesos, equal to .....	Gold	\$445,778,085.68
The reserve in our Caja de Conversión amounts to.....	Gold	\$261,595,689.94
The deposits with various Legations abroad to.....	"	55,254,373.62
The Banco de la Nación Argentina holds immobilized as part of the conversion fund.....	"	10,000,000.00

has been formed with a capital of  $3\frac{1}{2}$  million crowns, to operate in agriculture and the cattle-breeding industry. This company has already purchased a large tract of appropriate land for its purpose.

It is announced that the Wilhelmsen Dampskib Aktie Selskabet of Tonsberg (Norway) has inaugurated a new cargo steamer service between the United States and Buenos Aires.

The General Trading Company, Ltd., of Copenhagen, has also recently opened a branch office in Buenos Aires and it is rumored that the establishment of a Danish Bank is also projected.

Some uneasiness has been felt about the projected amendment of the Sherman Anti-Trust Law, presented to the United States Congress by Mr. Webb, which amendment stipulates that none of the anti-trust acts existing in the United States shall be construed as prohibiting combinations formed to engage in export trade exclusively. Although this amendment is said to be intended only for the improvement of the commercial relations of the Northern Republic with South America, doubts are expressed whether it might not lead to the elimination of free competition, imposing in its stead trust prices and procedures.

#### MEAT

The general scarcity of tonnage has also influenced the shipments of meat, notwithstanding the strong demand for this article in nearly all foreign countries.

The total shipments from Argentina and Uruguay in the first eight months were:

	1917	1916	1915	1914
Carcasses of frozen sheep and lambs.....	1,260,840	1,510,736	1,059,458	1,953,223
Quarters of frozen beef.....	3,583,779	3,548,490	2,737,915	988,655
Quarters of chilled beef.....	489,843	616,775	980,382	2,667,505

#### WOOL

The wool season is over. The few small parcels which still arrive at the market are bought by the local industry at very high prices.

Although the new clip will only begin within a few weeks, several contracts for wool on the sheep's back are reported at prices varying from \$20 to \$30 paper per 10 kilos, i. e., almost 50 per cent. higher than last year.

Up to the present, weather conditions have been favorable for sheep and this year's wool is expected to be of fine, sound quality, the production being estimated to yield about 350,000 bales.

#### CEREALS

The Government, after having prohibited the exportation of wheat on the 27th of March last, eventually granted export licenses, at the request of the respective Governments, to the following countries:

	— Tons —	
	Wheat.	Flour.
To the United Kingdom.....	180,000	20,000
To Uruguay .....	4,000	6,000
To Paraguay .....	8,000	1,000
To Spain .....	20,000	35,000
To Brazil .....	25,000	45,000
	237,000	107,000
To Norway (not specified whether wheat or flour).....		8,000
Tons in total.....	352,000	

Up to the date of prohibition of exporting wheat and flour on the 29th of March, 1917, the shipments of these products, since the 1st of January, 1917, had reached the figure of:

	Wheat.	Flour.
	— Tons —	
	486,800	5,395
Since then, exports have been .....	289,099	49,754
Total .....	775,899	55,149

	1917	1916	1915	1914
Carcasses of frozen sheep and lambs.....	1,260,840	1,510,736	1,059,458	1,953,223
Quarters of frozen beef.....	3,583,779	3,548,490	2,737,915	988,655
Quarters of chilled beef.....	489,843	616,775	980,382	2,667,505

The total export of cereals since the 1st of January until the 30th of August compares with the shipments effected during the same period of previous years, as follows:

# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including SHEFFIELD, BRADFORD, SALFORD, BIRKEN-HEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

(\$5=£)

Nominal Capital . . . .	\$12,500,000
Paid-up Capital . . . .	2,750,000
Reserve Capital . . . .	3,500,000
Subscribed Capital . . . .	6,250,000
Reserves . . . . .	1,903,470
Surplus over Liabilities . .	8,153,470

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

	1917 Tons	1916 Tons	1915 Tons	1914 Tons	1913 Tons
Wheat .....	765,919	1,597,578	2,376,148	917,318	2,637,733
Maize .....	695,327	1,562,440	2,639,607	1,787,949	3,241,289
Linseed .....	61,598	495,331	748,331	747,099	834,598
Oats .....	231,697	573,221	508,328	342,680	805,386
Barley .....	11,441	29,939	61,759	19,225	31,810

The Ministry of Agriculture and the Provincial Authorities have made an active propaganda for the sowing of wheat to fullest capacity. Private enterprise and the railway companies have actively supported this movement.

The National and Provincial Governments have advanced large quantities of seed to necessitous farmers, in order to get the greatest possible area sown with wheat. The climatic conditions under which the sowing was effected were favorable throughout the country. A rough calculation of the area sown, made by the Statistic Department of the Ministry of Agriculture, gives the following figures:

	1917-1918 Provisional Estimate Hectares	1916-1917 Definite Figures Hectares	1915-1916 Definite Figures Hectares
Wheat ..	7,115,000	6,511,000	6,645,000
Linseed ..	1,340,000	1,298,000	1,619,000
Oats ....	1,155,000	1,022,000	1,038,000

According to official figures, the present maize crop is estimated to yield about 1,560,000 tons, against 4,093,000 tons in 1916, 7,590,000 tons in 1915, and 6,900,000 tons in 1914.

## FOREIGN TRADE

According to the figures given by the Director of National Statistics, the value of Argentina's export trade dur-

ing the first six months of this year, compares with that of the same period of last year, as follows:

The great advance in the prices of nearly all our produce accounts for the total values of exportations being higher than last year, notwithstanding that the quantities shipped were smaller.

The import and export trades during the first 6 months of this year show the following figures:

Nominal values of the Custom House valuation.

The principal countries have had the following share in our export and import trade for the first 6 months of 1917, the figures given being based on the nominal values of our Custom House valuation:

As we have already mentioned in our last report, the United States now occupies the first place among the countries exporting to Argentina.

	1917. First 6 months.	1916. First 6 months	Difference as Compared with 1916.
	Gold.	Gold.	Gold.
Live stock .....	\$193,055,765	\$122,356,926	+\$70,698,839
Agricultural .....	98,836,379	106,836,339	— 7,999,960
Forestry .....	7,700,039	13,906,390	— 6,206,351
	<u>\$299,592,183</u>	<u>\$243,099,655</u>	<u>+\$56,492,528</u>
Other products .....	5,679,830	2,957,712	+ 2,722,118
	<u>\$305,272,013</u>	<u>\$246,057,367</u>	<u>+\$59,214,646</u>

	1917. First 6 months.	1916. First 6 months.	Difference as Compared with 1916.
	Gold.	Gold.	Gold.
Exports .....	\$305,272,013	\$246,057,367	+\$59,214,646
Imports .....	88,836,152	104,966,451	— 16,130,299
Total .....	<u>\$394,108,165</u>	<u>\$351,023,818</u>	<u>+\$43,084,347</u>
Apparent trade balance in our favor.....	<u>\$216,435,861</u>	<u>\$141,090,916</u>	<u>+\$75,344,945</u>

IMPORTS	Value in Gold Dollars		Difference as Com-
	First half 1917.	First half 1916.	pared with 1916.
			Gold.
United States.....	30,239,479	28,439,679	+\$1,799,793
United Kingdom .....	21,768,541	31,225,377	— 9,456,836
Spain .....	7,473,616	6,507,288	+ 966,328
France .....	5,750,717	7,881,456	— 2,130,739
Italy .....	6,664,660	12,069,221	— 5,404,561
Brazil .....	7,020,292	5,300,471	+ 1,719,821
Mexico .....	1,618,706	3,123,835	— 1,505,129

EXPORTS	Value in Gold Dollars		Difference as Com-
	First half 1917.	First half 1916.	pared with 1916.
			Increase (Gold.)
United States .....	77,071,054	54,301,477	\$22,769,577
United Kingdom .....	98,060,758	73,981,827	24,078,931
British Possessions .....	1,399,459	302,358	1,097,101
Spain .....	4,276,318	3,599,882	676,436
France .....	36,193,107	27,063,110	9,129,997
French possessions .....	7,762,365	666,978	7,095,387
Italy .....	14,836,075	11,473,693	3,362,382
Brazil .....	12,392,445	9,739,493	2,652,952
To order .....	24,917,694	37,539,184	12,621,490

**The  
National Shawmut Bank  
of Boston**

**Foreign Banking**



**Capital . . \$10,000,000**  
**Surplus . . 7,000,000**  
**Undivided Profits 2,100,000**

Complete service to banks throughout the country in all branches of Domestic and Foreign business.

Commercial and Travelers' Letters of Credit; Collection of Foreign Drafts. Foreign Exchange and Cable Transfers purchased and sold.

**CORRESPONDENCE INVITED**

The different South American countries have had the following share in the foreign trade of the United States:

**EXPORTS TO UNITED STATES**

In Million Dollars in U. S. Currency.

To.	1916.	1915.	1914.
Argentina .....	116.29	94.68	56.27
Brazil .....	132.07	120.10	95.00
Chile .....	82.19	37.28	24.24
Colombia .....	25.64	19.82	17.55
Ecuador .....	7.98	5.42	3.36
Peru .....	31.82	15.80	11.27
Uruguay .....	16.28	13.89	9.60
Venezuela .....	13.71	14.29	10.92

**IMPORTS FROM UNITED STATES**

In Million Dollars in U. S. Currency.

To	1916.	1915.	1914.
Argentina .....	76.87	52.84	27.13
Brazil .....	47.68	33.95	23.28
Chile .....	33.38	17.82	13.63
Colombia .....	14.29	9.00	5.88
Ecuador .....	5.01	3.37	2.50
Peru .....	13.99	7.92	5.88
Uruguay .....	11.85	7.89	4.15
Venezuela .....	11.34	7.29	5.02

**BALANCE OF PAYMENTS**

The Balance of Payments of the Argentine Republic for the last five commercial years shows the following estimate:

Years.	Balance Against the Country.	Balance in Favor of the Country.
1911-1912 .....	202.0 Million Gold Dollars.	
1912-1913 .....	200.0 " " "	
1913-1914 .....	185.4 " " "	
1914-1915 .....		164.9 Million Gold Dollars
1915-1916 .....		59.8 " " "

**BUDGET**

Since the outbreak of the European war, the Government has made considerable reductions in national expenditure, though, up to the present, not in a sufficient degree to keep pace with the constant decline in the revenue due to the disturbances created by the war.

Where the decrease has been most marked, is in the Customs receipts, one of the Government's principal sources of revenue.

Custom House duties yielded:

In:	Gold.
1916 .....	\$46,153,000.—
1915 .....	41,752,000.—
1914 .....	52,079,000.—

Against gold \$87,635,000 in 1913, i. e., the year before the war.

In the current year, owing to the continued decline of imports, the Customs revenue is, so far, lower than that of the corresponding period of last year.

The accounts of the financial year 1916 were closed with a deficit of \$137,300,000 paper (gold \$60,412,000) and this year's expenditure has, up to the present, exceeded the revenues by approximately 10 million dollars paper (gold \$4,400,000) per month. Evidently, the disproportion is serious and, in order to remedy this state of affairs,

Government has submitted to Congress, together with the budget bill for 1918, a scheme of general increase of the existing taxes and duties, and of creation of several new ones.

Of these, the principal ones are:

An export duty to be in force from the 1st of September, 1917, to 31st of December, 1918, a duty on the tonnage of laden steamers leaving for foreign ports, a tax on the rent derived from mortgage loans and the levy of the Custom House duties in the Territories of Patagonia, which, since the year 1900, were exempt from these duties.

The budget bill for 1918 proposes a total expenditure of \$382,386,579.16 paper (gold \$168,250,094.83).

The expenditure for the year 1918 thus shows an economy of fully 10 million paper dollars (gold \$4,400,000), as compared with the present year, which sum would have been greater, but for an amount of 40 million paper

dollars (gold \$17,600,000) for the service of the projected loan for consolidating the floating debt which has already been taken into consideration.

The total expenditure is calculated to be covered exclusively in cash by the increase in revenue produced by the application of the aforementioned new taxes and augmentation of the existing ones.

During the year 1916, bonds of the Public Consolidated Debt to the amount of:

\$51,233,654 paper were issued, and  
\$30,527,983 paper were redeemed.

The total amount of this debt outstanding on the 31st of December, 1916, was \$1,242,484,830 paper, equal to gold \$546,693,325.20.

#### FEDERAL GOVERNMENT FINANCES

The loans contracted by the Government with the local banks and bankers amount to:

\$17,750,000 paper falling due in.....	September, 1917
117,500,000 paper falling due in.....	October, 1917
23,700,000 paper falling due in.....	December, 1917
21,000,000 paper falling due in.....	January, 1918
39,950,000 paper falling due in.....	February, 1918

\$219,900,000 paper

49,300,000 paper indebtedness of the Government toward the Banco de la Nación Argentina.

\$269,200,000 paper.

The short term obligations contracted abroad are the following: with the National City Bank of New York:

\$26,381,090 paper (11,200,000 dollars) maturing in September, 1917 (in combination with Messrs. Morgan and The Guaranty Trust Company of New York.)

11,777,272 paper (5,000,000 dollars) maturing in December, 1917.

\$38,158,362 paper.

with the Guaranty Trust Company of New York:

\$35,331,818 paper (15,000,000 dollars) maturing in October, 1917.

As can be seen, the loans due to North American banks amount to United States, \$31,200,000. Congress has just sanctioned a bill authorizing the Banco de la Nación Argentina to advance to the Government the funds required for reimbursing them at their maturity and to cover itself in due course out of the proceeds of the internal loan referred to below.

The aggregate of the short term loans is

\$342,690,180 paper, equal to gold \$150,783,679.20, apart from the Baring Morgan loans of

U. S. \$25,000,000 in New York and  
£5,000,000 in London

# Leu & Co.'s Bank, Limited

Zurich, Switzerland

FOUNDED 1755



Capital Fully Paid Up } Frs. 46,000,000  
and Reserve Fund }

Every description of Banking and Foreign Exchange business transacted.

Drafts and Letters of Credit issued payable in all parts of the world.

Telegraphic Transfers Effected.

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**This bank is thoroughly equipped for handling business between the United States, Switzerland and other European countries.**

LONDON AGENTS: London and Southwestern Bank, Ltd.; Credito Italiano; London County and Westminster Bank, Ltd.

Agents and Correspondents in all parts of the World

MANAGERS

CHAS. J. BRUPBACHER

H. DIETLER

R. G. BINDSCHEDLER

which will be due in 1920 and which therefore need not be taken into account for the present.

The Government has recently submitted a bill to Congress proposing the establishment of a new State Bank under the name of "Banco de la República" authorized to issue notes and to control the "Caja de Conversión." The main objects are to give the country a definite monetary system and to form an institution with capacity for rendering services as a Central Bank for the regulation of money circulation and the rediscounting of bills.

By another bill, the Government applied to Congress for authority to issue an internal loan up to 500 million dollars paper, at four per cent. yearly interest, one per cent. amortization and two per cent. in premiums to be distributed by half-yearly drawings. The Government has also asked for authority, as an alternative to the above, to issue one or more external loans up to the equivalent of the above amount in

gold, at a rate of interest not exceeding six per cent. per annum.

The proceeds of the loan or loans to be applied to the consolidation of the floating debt.

The Government considers that the possibilities that existed some time ago for floating a loan in the United States disappeared when that country entered the war, and it has now become necessary to raise the money in the Argentine. The Government believes that in view of the plethora of money existing in the local banks, the opportunity is favorable for the issue of an internal loan, and that its success would be enhanced by the establishment of the projected "Banco de la República."

However, the idea of the creation of a bank of this kind has not been so favorably received by public opinion as the Government had expected.

The Financial Committee of the Senate, to which the above mentioned projects have been submitted, declared it-

self decidedly against the establishment of the "Banco de la República." As regards the loan, the committee presented two projects of its own which have in turn been objected to by the Minister of Finance. Lengthy debates have taken place in consequence, but the following conciliatory result has ultimately been arrived at: the idea of establishing the "Banco de la República" has been abandoned, at least for the present, and a bill has been passed by the Senate authorizing the Government to issue an internal loan to the extent of 387 million dollars paper, the chief conditions of which are the following: The Government is to issue at par two series of bonds in the proportion which it may consider convenient; one series of bonds will bear interest at the rate of five per cent. per annum and will be offered to the public. The other series will bear

President of the Republic claiming his intervention in regard to the service in arrear of the external debt of the Province of Corrientes has been answered by the press with the contention that the National Government is not responsible for liabilities contracted by the Provincial Governments, and that it has not the power to intervene in such matters.

#### BANKING

Deposits in the banks and their cash reserves are still increasing, whilst discounts and advances are granted with caution, the demand continuing to be on a reduced scale.

The state of the principal commercial banks, including the Banco de la Nación Argentina, on the 31st of August, 1917, was as follows, the figures given being quoted in paper pesos:

Items.	Aug. 31, 1917	Aug. 31, 1916	Aug. 31, 1915	July 31, 1914
Deposits .....	1,882,482,000	1,568,421,000	1,400,021,000	1,334,468,000
Discounts and advances.....	1,412,884,000	1,235,150,000	1,194,387,000	1,303,961,000
Cash reserve .....	821,806,000	710,739,000	644,061,000	534,855,000
Per cent. reserve of deposits.	43.66%	45.32%	46.00%	40.08%

four per cent interest per annum and will be offered to corporations and companies, and to the banks operating in the country, which are to invest fifteen per cent. of their deposits in these bonds if they wish to enjoy the privileges accorded by Law No. 9577, the so-called "Law of Rediscount."

The four per cent. bonds are convertible into cash at the Banco de la Nación Argentina and have been included amongst the documents which this bank may rediscount at the Caja de Conversión according to laws No. 9479 and 9577. The amortization of the loan will be effected by an accumulative sinking fund of one per cent. per annum and two per cent. per annum of the total amount of the loan will be applied to prizes, to which only the holders of the five per cent. series will be entitled, whilst the prizes which may correspond to the four per cent. series will be applied to special amortizations.

An appeal made by the Council of Foreign Bondholders in London to the

#### CLEARING HOUSE MOVEMENT

The amount of the clearing for the first six months of the current year compares with that of the three previous years, as follows:

	Paper.
First half year 1917 .....	\$9,361,109,563.18
First half year 1916 .....	7,480,555,671.34
First half year 1915 .....	6,626,673,035.19
First half year 1914 .....	7,453,084,104.72

During August last the clearing amounted to \$1,473,024,316.66 paper, as against \$1,225,612,180.12 paper during the same month of 1916, and \$1,066,945,851.58 paper during the same period of the year 1915.

#### FAILURES

Although the amount of liabilities of the firms which have failed during the first half of this year, does not vary much from that of the previous year, it is interesting to state that about forty per cent. of the total sum of the failures correspond to private persons who have

# THE MERCANTILE BANK OF INDIA (LIMITED)

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Paid-up . . . 2,812,500

Reserve Fund . . . 3,000,000

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**Deposits** received for one year at 5 per cent. per annum. Rates for other periods on application.  
On **current accounts** interest is allowed at 2 per cent. per annum on daily balances.

got into difficulties through losses incurred by holding unrentable land.

The corresponding figures of the total liabilities are:

First half year 1917, \$41,384,437.25 paper.

First half year 1916, \$41,737,938.36 paper.



## Bank of Chosen

**T**HE present capital of the Bank of Chosen is yen 20,000,000, of which yen 12,500,000 is paid up, divided into 200,000 shares of 100 yen each. The 100,000 old shares, of which 30,000 are held by the Government, representing yen 10,000,000, are all paid up, while on the 100,000 new shares only a quarter, i. e., yen 2,500,000, is paid up. The total number of old shares transferred during the half-year was 5,280 shares (excluding 239 shares transferred gratuitously) at an aggregate value of yen 868,243.20 making an average price of yen 164.44 per share.

The fifteenth ordinary general meeting of shareholders was held at the Bankers Association Building, Tokyo, February 20, 1917. The business report, balance sheet, profit and loss statement, and inventory were first presented to, and duly approved by, the meeting, and resolutions were passed on the distribution of profits for the half-year, augmentation of capital, and alteration in the by-laws. Subsequently, a by-election for candidates for directorship was held in order to fill the

vacancy caused by the resignation of Mr. R. Mizukoshi, resulting in the election of Mr. S. Ohta and Mr. C. Ito, of whom the former gentleman was ultimately appointed director by the Government.

The extraordinary general meeting of shareholders was held in the Bankers Association Building, Tokyo, on June 8, 1917, in order to report to the shareholders the particulars relating to the issue of new shares. The report was in effect as follows:

Of the 100,000 new shares, amounting to yen 10,000,000, the issue of which was resolved upon at the ordinary general meeting of shareholders, held on February 20, 1917, 70,000 shares were allotted to existing shareholders, and 30,000 shares, the balance, were placed on the market for public subscription, putting the minimum price at 120 yen per share. The result was that the number of shares applied for reached 105,462, of which, offers at 130 yen upward were accepted in full, and those at 129 yen only partly so. The payment of a quarter, and the premium, on the new



The Bank of Chosen, Seoul

shares was completed May 23, 1917, bringing into the bank the sum of yen 3,418,156, of which yen 2,500,000 represented the payment of a quarter on the new shares, and yen 918,156 the premium.

Mr. S. Ohta was appointed director and registered as such on February 23, 1917.

The profits of the bank, after deducting expenses, providing for interest on deposits, rebate on bills, and for all bad and doubtful debts, amount to yen 618,030.92, to which has to be added the balance from the previous

last half-year, yen 182,352.77, making a total of yen 800,383.69, appropriated as follows:

Dividend at 6 per cent. per annum.....	328,767.13
Additional dividend at 1 per cent per annum .....	54,794.52
Reserve fund to provide for losses.....	121,844.00
Reserve fund to equalize dividend .....	13,000.00
Bonus and allowances .....	44,000.00
Balance carried forward to next half-year .....	237,978.04

Total .....800,383.69

The balance sheet of June 30, 1917, is shown herewith:

LIABILITIES	Yen.	ASSETS	Yen.
Capital subscribed .....	20,000,000.00	Capital unpaid .....	7,500,000.00
Reserve fund .....	1,548,156.00	Cash on hand .....	14,199,271.65
Bank notes issued.....	39,893,780.00	Money at call and short notice .....	3,562,181.34
Specie reserve.....	13,299,466.00	Bullion .....	1,060,099.01
Security reserve.....	26,594,314.00	Foreign money .....	65,443.33
Currency bills issued.....	100,720.00	Bills receivable .....	2,691,068.43
Deposits .....	47,533,198.30	Bills discounted .....	36,111,843.53
Government accounts .....	1,200,000.00	Loans and advances .....	30,189,626.91
Loans .....	3,000,000.00	Advances to gov- ernment .....	7,500,000.00
Bills payable .....	1,036,322.29	Other advances..	6,270,945.00
Due to other banks.....	1,741,862.21	Loans to Dai Ichi Ginko for re- demption of their notes, etc.	10,763,600.97
Outstanding branch account..	121,664.89	Current acct. ...	5,655,080.94
Dividends unpaid .....	18,305.97	Bonds and debentures.....	12,112,102.11
Balance from last half-year..	182,352.77	Due from other banks.....	6,584,628.29
Net profit for the half year..	618,030.92	Bank premises, furniture, etc.	2,918,128.75
Total .....	116,994,393.35	Total .....	116,994,393.35



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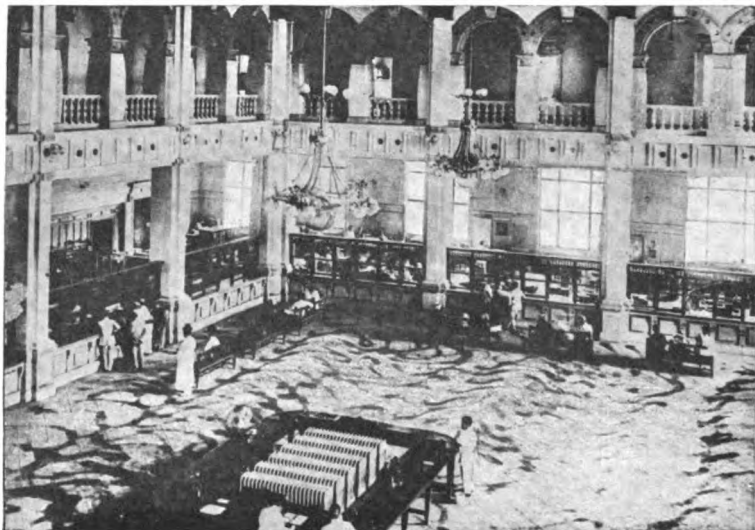


#### SKETCH OF THE BANK'S HISTORY

Before the establishment of the Bank of Chosen, functions of a central bank in Korea were performed by the Seoul branch of the Dai Ichi Ginko which, under government supervision, issued bank notes, undertook currency reform, handled treasury money, and rendered various other services required by the government. In 1907, a new treaty was concluded between Japan and Korea, and in consequence Japanese officials were taken into the Korean Government service and a decided reform was introduced into the administration of the country, which resulted, in the course of time, in a great expansion of the financial and economic power of the country. It was then that the need of a central bank regularly organized for that purpose began to be felt.

It was under these circumstances that the formation of a central credit institution was contemplated by the Government of Korea, which country was still independent though a Japanese protec-

torate, and, with this purpose in view, negotiations were opened between the government and the Dai Ichi Ginko and these were concluded satisfactorily to both parties in June, 1909. During the course of the following month, negotiations between the Japanese and Korean Governments with regard to this matter were brought to a satisfactory conclusion, and the Bank of Korea Act was published by the Government of Korea, while all the business pertaining to the establishment of the proposed institution was entrusted to the Government of Japan. In August, 1909, the Government of Japan appointed a committee for the establishment of the bank consisting of thirty-three members, including the governor of the Bank of Japan and the Vice-Minister for Finance of Korea, of which committee the former gentleman was appointed chairman. In the same month shares were issued for public subscription. The result was something extraordinary. In spite of the fact that the subscription list was closed at one.



The Bank of Chosen, Seoul

o'clock p. m. on the very first of the seven days it was to be open the shares subscribed for reached 20,352,374 as against 69,600 shares invited, showing an oversubscription by no less than 292 times. Of this number, 1,000 shares subscribed for by each of the Japanese and Korean Imperial households were first allotted in full, and the remaining 67,600 shares were then allotted to other subscribers in proportion to the number of shares applied for by them.

With the establishment of the Bank of Chosen, all the branches of the Dai Ichi Ginko in Korea and Manchuria, as well as its business and personnel, with the exception of those in Seoul and Fusan, were transferred to the bank. The bank had consequently at the very beginning of its career thirteen branch offices, twelve in Korea and one at Antung, Manchuria, a built-up business, and a body of well-trained men experienced in both banking and local affairs.

It will thus be seen that the Bank of Korea was established by the Bank of Korea Act, a law issued by independent Korea. When, therefore, the country was annexed by Japan in August, 1910, it became necessary to authorize that law to continue in force by an act of the new government, and this was done

by virtue of Ordinance No. 1 issued by the Government-General of Chosen. As this, however, was only a temporary measure, a new Act was published in May, 1911, under the title of the Bank of Chosen Act, to replace the old one, and on its enforcement in the following August, the bank was renamed the Bank of Chosen, Chosen being the name given to Korea under the new régime. By the provisions of the New Act the Bank of Chosen was regarded as having been established by that Act on the day the Bank of Korea was established, and any act already performed by the Bank of Korea as having been performed by the Bank of Chosen.

The change in the law governing the bank made it necessary for the bank to revise its by-laws. In consequence an extraordinary general meeting of shareholders was held in Tokyo in August, 1911, when a draft of the revised By-Laws was presented to, and passed by, it unanimously.

It was thus that the Central Bank of independent Korea was converted into that of the newly annexed territory of Japan under the new style of the Bank of Chosen.

With the Annexation, Korea lost her independence which, though hardly worthy of the name, was surely very

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dear to the hearts of her sons, but it was then and there that the old peninsula was given a new life—a life of growth and activity. It was a blessing in disguise which the people soon began to realize. Its progress in finance, economy, and industry was especially remarkable, and as the fortunes of a central bank are largely dependent upon those of the country in which it operates, it will not be altogether out of place to relate here some of the principal features of the progress made by the country since it was annexed by Japan.

In 1910, i. e., the year of annexation, the total amount of the trade of Chosen with Japan and other countries for the year was yen 59,696,599, consisting of yen 19,913,843 of exports and yen 39,782,756 of imports. In the year 1916 the total amount rose to yen 131,258,739, of which yen 56,801,934 represented exports and yen 74,456,805 imports, showing, as compared with the figures of seven years ago, an increase of 185 per cent. in exports, 86 in imports and 120 in the total amount of trade. Taking the three principal staple products, viz., rice, wheat and beans, their total produce in 1910 was 60,335,275 bushels; this rose to 111,429,063 bushels in 1916, showing an increase of eighty-five per cent., while mineral products, including gold, iron, coal, etc., expanded in value from yen 10,885,978 to yen 24,023,121, showing an increase of 120 per cent. during the same period, the output of gold alone in 1916 being as much as yen 15,983,986. In 1910, Chosen had only 145

companies with a paid-up capital of yen 10,230,903, whereas in 1916 there were in the country 222 companies with an aggregate paid-up capital of yen 44,014,410, showing an expansion of no less than 330 per cent. During the same period, bank deposits expanded from yen 18,355,570 to yen 43,716,741, and their advances from yen 30,691,677 to yen 70,456,738, showing an increase of 138 per cent. in deposits and of 129 in advances, while deposits at the Post Office Savings Banks rose from yen 3,206,465 to yen 9,842,880, showing an increase of 206 per cent.

Such in brief was the economic advancement of the Peninsula, and, although the figures themselves are as yet very small, the rapidity of their growth is something noteworthy. It is this progress in the economic conditions of the country that has enabled the Bank of Chosen to attain its present position of importance.

During the first few years of its establishment the bank toiled on its own ground, Chosen; it had its hands full with what was to be done there. The work of coinage reform was still going on and the bank was required to complete it; the government and municipalities were greatly in need of funds to prosecute their various public works and it was the bank that was called upon to supply them; new enterprises were springing up and some were worthy of all encouragement; these had to be accommodated. Nor was the path of the new institution entirely free from obstacles. It had no rival banks indeed, but the very fact that it had no

rivals made the duty of the bank so much the more onerous. The country was often visited by severe business depression, tightness of money, prevalence of speculative manias, and other financial calamities, which not infrequently culminated in crises more or less dangerous. It was no easy task for a single bank to look after the public interest under such circumstances and maintain the public credit, which was then by no means solid. One of such difficulties was met with in connection with the unfavorable trade balance the country continually experienced with Japan and other countries. Year after year imports exceeded exports by enormous amounts, and the incoming capital, considerable as it was, was not sufficient to offset the difference. The consequence was that the bank encountered great difficulty in maintaining a sufficient balance abroad for the payment of such imports as had to be paid for, since it disappeared as quickly as it was replenished. A raising of the bank rate would have had the desired effect by discouraging import, which was in full swing, but this could not be done without checking the industrial progress then going on. Such was the dilemma in which the bank was placed. Fortunately, before any drastic measures had to be applied to cope with the situation, things began to take a favorable turn. Both imports and exports increased but, thanks to the industrial development of the country, the latter progressed at a much faster rate, and to-day, though there is still some import-excess, the amount is extremely small in comparison with that of past years, and is more than offset by incoming capital, and the export of gold bullion which the country produces in fair abundance. All other difficulties were successfully overcome, partly by the bank's own efforts and partly by the favorable turn of affairs as above cited, and by the time the bank began to turn its attention to the market outside the Peninsula the country was in a fair way to prosperity.

The year 1913 found the bank in a position to expand abroad, for which a ready field was found in Manchuria.

Manchuria, it may be noted, is a vast tract of land lying northward of the Peninsula of Chosen and separated from it by a narrow strip of water only, the River Yalu. The economic importance of the land may easily be seen from its trade with other lands which, in 1915, amounted to taels (Haikwan) 202,112,469, consisting of taels 99,472,583 in imports and 102,639,886 in exports.

The economic relations between this part of China and Chosen had been growing all this time, accelerated, as they were, by the increased facilities in transportation, as well as by the reduction in the tariff on the goods transported overland between the two countries. The Bank of Chosen note was circulating all along the railway lines and was making its way into the interior. All this seemed to indicate that the time was ripe for the advancement northward of the bank. The first step taken was the establishment of a branch office in Mukden, the political centre of South Manchuria, in July, 1913, closely followed by that of two other branches in Dairen and Changchun. Dairen, known as Dalny in former times, is a great seaport in South Manchuria with a fast growing foreign trade, which in 1915 amounted to some ninety million taels. Changchun is another important town where meet the Russian and Japanese Railway lines, these together constituting the main artery of trade in Manchuria, and in connection with the Siberian Railway, forming the great thoroughfare between Eastern Asia and Europe. Shortly after an agreement was concluded between Japan and China with regard to the construction of a line to penetrate into Mongolia and as the town of Szupingchieh was to be its starting point, the bank established a branch there, and this was followed by the foundation of still another branch at Kaiyuan, a local distributing centre for Manchurian staples. Meanwhile the trade with Russia was steadily growing, and for the purpose of administering to the requirements arising therefrom, the bank established a branch at Harbin, the most flourishing Russian city in North Manchuria, and

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a sub-branch at Fuchiatien while, on the other hand, special agreements for co-operation were made with the Matsuda Bank, Vladivostock, as no branch of a foreign bank could then be established in Russian territories. To complete the network of branches in these new fields of operation, more branches were established at Yingkou, an important seaport better known as Newchwang, on the Gulf of Liao-tung, at Kirin, a provincial capital, and at Yongchongchon, a sort of post-town on the route between North Chosen and South Manchuria.

Nor has the bank's activity in Manchuria been confined to ordinary banking business. The amelioration of the monetary conditions there by encouraging the use of gold notes is one thing the bank has aimed at ever since it had anything to do with that country. Besides the notes on the standard unit, it has issued there fractional notes so as to provide the country with subsidiary monies on a gold basis. Now the circulation of the bank's notes is fast increasing, and it is gratifying to note that, thanks to the coöperation of other banks and to the abnormally high price of silver, gold is becoming more and more a popular money, not only among the Japanese but also among the Chinese there. Another of the services rendered by the bank in Manchuria was in making loans to the local government, and it was one of such loans that enabled the government some years ago to relieve the native banks in their sore need and maintain the public credit then on the verge of general collapse.

The activity of the bank in Japan proper where it has three branches, viz.: Tokyo, Osaka and Kobe, has naturally been less conspicuous but still it has been no less significant. Its business there could not but grow along with the increase in the trade of the bank's own fields with that country. Besides, as a member of the syndicate of large banks in Japan, not a single loan of national importance has been floated there of recent dates but the bank has had a hand in it.

With the extension of its sphere of activity to adjacent countries, the relations of the bank with the world at large have become closer, and foreign exchange is becoming more and more an important part of the business of the bank. The recent establishment of a foreign department in its head office was to meet this new demand on the bank.

All this has resulted in the enlargement of business, and enlargement of business entails greater need of funds. Thus it naturally followed that augmentation of capital had to be considered, and the proposal to double its capital, i. e., from yen 10,000,000 to yen 20,000,000, was submitted to the general meeting held in February, 1917, and passed unanimously. The credit of the bank in the public eye was amply shown by the manner in which the shares offered for public subscription were taken up. They were over-subscribed by three times, and only those applications offering a premium of 29 yen or above were considered, those of 29 yen being accepted in part only.

## General Manager Queensland National Bank

**F**OR the portrait of Mr. W. V. Ralston, general manager of the Queensland National Bank, Limited, THE BANKERS MAGAZINE is indebted to the "Australasian Insurance and Banking Record."

Mr. Walter Vardon Ralston was born in Melbourne in 1846. He was educated partly at Nelson College, New

National Bank of Australasia, and in 1874 entered the service of the Queensland National Bank, Limited, becoming teller at the head office, Brisbane. He was manager of branches at Dalby, Tambo, Cunnamulla, Cooktown, Townsville and Rockhampton. In 1895 he took temporary charge of the head office, and afterwards relieved the secretary in the general manager's office. In 1896 Mr. Ralston was appointed general manager of the bank, which position he has now occupied for about twenty-one years.



W. V. RALSTON

General Manager, Queensland National Bank, Ltd.

Zealand, and partly under the private tuition of the Rev. Archdeacon Butt in New Zealand. Proceeding to Queensland, he became manager of the Mount Hutton Cattle Station, and subsequently of the Mount Larcombe Station, near Gladstone. Owing to illness he went to Melbourne, and about forty-seven years ago he entered the Lodon Chartered Bank of Australia, with which he remained for a few years at the head office and branches. He then joined the



## Swedish Banking Profits

**T**HE Central Bureau of Statistics has published an account of the development of the Swedish bank system during the past forty years. The survey shows that in 1875 the Swedish banking companies, both those with joint and several responsibility and those with limited liability, which together reached a total of thirty-seven, possessed paid-up capital amounting to \$19,887,866 and reserve funds amounting to \$3,105,180. At the close of 1916 the number of banks had risen to sixty, with \$111,479,536 in paid-up capital and \$74,239,399 in reserve funds. In this connection, however, it is to be noticed that in 1910, though the funds were considerably smaller, the number of banks were considerably larger—81.

While the State Bank of Sweden at the close of 1916 could show assets amounting to \$181,332,628, the banking companies had no less than \$1,102,335,314, says Arthur E. J. Reilly, Vice-Consul at Stockholm, reporting to the Department of Commerce. The past year, as is well known, has been a particularly good one for the banks, and has resulted in very large profits in practically all cases, and in some cases in quite unique profits.

All the banking companies together reported net profits of \$24,610,440 in 1916, compared with \$13,228,480 in 1915, and \$13,768,400 in 1913, which is an immense increase; the dividend

was relatively small, while very considerable sums have been funded. The greater part of the increased profits has been used for purposes of consolidation.

Altogether \$13,048,920 was distributed in dividends, as against \$11,448,960 in 1915, and \$11,071,080 in 1913. The reserve funds have obtained from the profits \$3,225,112, as compared with \$779,880 and \$1,490,240 in 1915 and 1913, respectively, while the contingencies funds have received \$5,601,200, as against \$1,184,560 and \$1,136,320, respectively. To the next year's accounts have been transferred such considerable amounts as 2,795,240, compared with \$333,040 and \$361,800 in the other years named, evidently in recognition of the fact that the year 1916 was an exception from a monetary point of view and that bad times are impending.

During the past year a number of bank absorptions have taken place, while one bank has disappeared altogether.

The deposits in the banks, which at the close of 1913 amounted to \$453,353,320, rose during the past year from \$535,592,640 to \$669,295,160, a striking proof of the abundant supply of capital. Against total deposits of \$712,998,280 (including claims on and liabilities to native banks) there stood advances to the public of \$779,587,880 at the end of 1916.

The number of bank offices in 1916 rose from 721 to 805; that is to say, one bank office for every 7,152 inhabitants (7,923 at the beginning of the year). At the close of 1913 the number of banking offices was 640, or one for every 8,810 inhabitants, which is a further proof of the active expansion of the last few years.



## Gold Imports at Buenos Aires and Montevideo

FROM September 1, 1916, to August 31, 1917, the total gold imported at Buenos Aires was £7,454,400 and at Montevideo £4,106,285, a total of £11,560,685. In this movement of gold the

banks were represented as shown herewith:

Banco Holandes de la America del Sud .....	£4,110,960
Banco de la Nación Argentina..	2,064,000
Ernesto Tornquist & Co., Ltd...	1,570,000
National City Bank, Buenos Aires branch .....	1,329,075
Caja de Conversion .....	1,250,000
Banco de la Provincia de Buenos Aires .....	680,000
Banco Italiano del Uruguay....	182,000
Banco Frances e Italiana para la America del Sud .....	141,400
Banco Espanol del Rio de la Plata .....	126,000
Banco Britanico de la America del Sud .....	67,250
First National Bank of Boston, Buenos Aires branch .....	40,000
	<hr/> £11,560,685



## State Savings Bank of Victoria

FROM the annual report of this institution for the year ending June 30, 1917, the following information is taken:

"The progress made during the year has been notable in many respects, and especially in the amount at credit of depositors, which has increased by £2,252,710, making the total amount of balances £28,656,994; this year's increase has only been exceeded once in the history of the bank, in 1912, when the increase was £2,388,042.

"Interest was paid at three and one-half per cent. from July to September, but at three and three-quarters per cent. on and after 1st of October, up to the limit of £350 for each depositor; the aggregate amount of excess over £350 at credit of depositors on 30th of June bearing no interest was £786,646, compared with £788,104 in the previous year.

"In order that depositors may receive interest on more than £350, a further sum up to £1,000 may be deposited as Deposit Stock, withdrawable on short notice, three months for each £100 or proportionately less for smaller sums, or two years for the whole sum of £1,000, the rate of interest being the same as for ordinary deposits, now

three and three-quarters per cent. The total amount of Deposit Stock at 30th of June at credit of 1,150 depositors was £301,604, an increase of £52,063 for the year; this is included in the totals quoted in paragraph two above.

"The number of accounts has increased by 33,542, making the total of open accounts 780,139; this increase has only been exceeded in two previous years, viz., in 1911 and 1912, when the increases were 34,909 and 46,312.

"The small inoperative accounts number 179,044, and, omitting these, the balance of 601,095 accounts average £47 2s. 1d. each, compared with average of £45 13s. 9d. in the previous year.

"The net profit for the year, after writing down bank premises, etc., was £11,128 11s. 1d., compared with £16,834 13s. 9d. in the previous year.

"The balance of £77,974 13s 2d., at credit of profit and loss account, has been carried forward, and the reserve fund remains at £500,000."



## New Governor of the Bank of England

**A**FTER having broken the record for length of service as Governor of the Bank of England, Lord Cunliffe has been succeeded by Sir Brien Cokayne, Deputy-Governor for the last three years and for thirty-four years associated with the great mercantile firm of Anthony Gibbs & Sons, and a partner in the firm since 1901.

The appointment of a Governor from the ranks of merchants follows the traditions of the bank, since its twenty-six directors are all merchants with two exceptions.

As stated, Lord Cunliffe has broken all records for length of service, having been appointed in 1913. Although the term is not limited, custom has fixed it at two years, and before the present war this period had been exceeded but twice. William Lidderdale and David Powell both having served for three years.

## Australian Bank Totals

**A**CKNOWLEDGMENT is due to the "Insurance and Banking Record" for the following comparison of the aggregates of the balance-sheets of the ordinary banks, the Commonwealth Bank of Australia, and the combined totals for each half-year since June 30, 1912:

	Ordinary Banks.	C'wealth Bank.	Combined Total.
	£	£	£
June 30, 1912.....	245,494,516	.....	245,494,516
Dec. 31, 1912.....	244,654,800	619,070	245,273,870
June 30, 1913.....	245,816,601	5,065,381	250,881,982
Dec. 31, 1913.....	248,033,361	6,558,975	254,592,336
June 30, 1914.....	262,240,714	9,773,590	272,014,304
Dec. 31, 1914.....	260,479,709	11,360,504	271,840,213
June 30, 1915.....	270,463,686	16,763,465	287,227,151
Dec. 31, 1915.....	275,566,438	23,983,408	299,549,846
June 30, 1916.....	288,615,899	41,772,354	330,388,253
Dec. 31, 1916.....	279,430,113	41,354,060	320,784,163
June 30, 1917.....	296,116,610	.....	.....

Adding the Commonwealth Bank total as at 31st December, 1916, to the above total of £296,116,610 for the ordinary banks, the combined total is £337,470,660.

Taking annual periods to 30th June (approximately) in each year the increases shown by the above figures for the past five years have been as follows:

Annual Period.	Ordinary Banks.	C'wealth Bank.	Grand Total.
	£	£	£
1912-13 .....	322,086	5,065,381	5,377,466
1913-14 .....	16,424,113	4,718,309	21,142,422
1914-15 .....	8,217,972	6,994,775	15,212,747
1915-16 .....	13,057,213	25,003,889	48,061,102
1916-17 .....	7,600,711	.....	.....



## African Banking Corporation

**O**NE of the important British colonial banks is the African Banking Corporation, Limited, whose head office is at 63 London Wall, E. C. The bank has an authorized capital of £2,000,000, of which £1,200,000 is subscribed and £600,000 called up. The reserve fund is £220,000. Assets of the bank, as at September 30, 1916, were £7,495,065.

The manager of the African Banking Corporation in London is John Martin Wallace, and the London bankers are the Bank of England, London Joint Stock Bank, Limited, and the Commercial Bank of Scotland. There are nu-

merous branches of the bank at leading points in South Africa. The New York agency, at 64 Wall street, is in charge of William Logan.



### Sumitomo Bank, Ltd.

ON June 30, last, the eleventh half-yearly report of this bank showed balance brought forward from last half-year, yen, 334,051, and net profit for the half-year, yen 1,717,771. Deposits were yen 156,228,874, and total resources yen 224,152,201. How the Sumitomo Bank, Limited, has grown may be seen from the following figures:

	Deposits. Yen.	Loans. Yen.
Dec. 31, 1912 ....	51,937,000	43,909,000
June 30, 1913 ....	56,670,000	50,769,000
Dec. 31, 1913 ....	59,215,000	52,946,000
June 30, 1914 ....	65,419,000	57,882,000
Dec. 31, 1914 ....	71,447,000	61,513,000
June 30, 1915 ....	78,681,000	66,085,000
Dec. 31, 1915 ....	86,123,000	75,014,000
June 30, 1916 ....	102,240,000	83,147,000
Dec. 31, 1916 ....	123,477,000	110,683,000
June 30, 1917 ....	156,228,000	139,048,000

About Jan. 1 this bank planned to open a branch at Seattle under the management of T. Namura, formerly assistant manager of the San Francisco branch.



### Bank of New Zealand

THIS bank was incorporated by act of the General Assembly, July 29, 1861, and is banker to the General Government of New Zealand. Its authorized capital is £5,500,000, of which £2,779,988 is paid up. Reserve funds and undivided profits are £2,246,595. The head office is at Wellington, New Zealand, and the London office at 1 Queen Victoria street. William Candler is general manager of the bank and Alexander Kay manager of the London office. As at March 31, 1917, the balance sheet showed deposits of £29,052,790 and total assets £38,280,167.

### Royal Bank of Australia

AT the ordinary general meeting of shareholders of the Royal Bank of Australia, held at the head office, Melbourne, October 31, the directors submitted a report showing £22,306 profits for the half-year. Out of this amount a dividend of eight per cent. was declared, £10,000 was transferred to the reserve fund (making the total £280,000), and the remainder carried forward. The paid-up capital of the bank is £300,000, and the total assets, Sept. 29, 1917, £4,085,418.



### Commonwealth Bank of Australia

THIS institution reported on June 30, last: General bank deposits, \$176,619,699; other items, \$7,848,263; savings deposits (numbering 356,344), \$60,472,236; total, \$244,940,198.



### Prosperous Showing of the Royal Bank of Canada

THE annual statement of the Royal Bank of Canada for the fiscal year ending November 30, 1917, is the most convincing exhibit ever issued of the almost amazing progress the bank has made during the past few years.

The advantage to Canada of having large and strong banking institutions has frequently been commented upon in the principal outside financial centres, more especially since the Dominion has been thrown on her own resources due to war conditions.

The statement of the bank is full of examples of how the Royal has been able to use its very large assets to the advantage of the country, and in meeting the rapidly increasing requirements of its many customers.

A glance at the general statement of the Royal Bank would seem to indicate that it has enjoyed one of the

most remarkable periods of expansion ever reported by a Canadian financial institution. This follows partly because of the absorption made of the Quebec Bank, but to a very much larger extent it is undoubtedly due to the organization and important connections which it has affected in every part of the Dominion.

A closer analysis of the statement of assets shows that it is just a series of new records. A few of the outstanding features are a gain of over \$82,000,000 in assets during the twelve months, being at the rate of over

\$6,500,000 a month. These assets now stand at \$335,574,186, as compared with \$252,261,427 in 1916, and \$198,299,123 two years ago.

The close relationship the Royal Bank enjoys with the general public of the country is reflected by a gain of over \$52,000,000 in deposits, being at the rate of \$4,000,000 a month.

As was to be expected, the very much larger business handled has permitted of a substantial increase in the earnings of the bank. The profits for the year amounted to \$2,327,979, equal to 18.03 per cent. on the capital.

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## Book Reviews

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**THEORY AND PRACTICE OF SCIENTIFIC MANAGEMENT.** By C. B. Thompson. Houghton Mifflin Co. Price, \$1.75.

A study of the history, methods and results of scientific management based on an investigation of the workings of the system in more than 140 industrial concerns.

It is a book for every executive official of mills, factories and industrial plants of all kinds, mines, mercantile establishments, transportation companies, and, in short, for every business man who is responsible for the efficiency of a large number of employees.



**OPERATION OF THE NEW BANK ACT.** By T. Conway, Jr., and E. M. Patterson. Lippincott Co. Price, \$2.00.

Presents a critical study of the aim and effect of the Federal Reserve Act upon each class of bank in the country and upon the business public in general. Author feels that it is impossible to give a complete estimate of the effect of an Act, marking such a distinct change of policy in one of the most important lines of business in the country within a few weeks of its passage, but feels that every bit of light shed

upon the new conditions will aid the banker to understand more clearly how his business is affected.



**OUTLINES OF POLITICAL ECONOMY.** By S. J. Chapman. Longmans, Green & Co., London. Price, \$1.75.

This third edition is the result of a thorough revision and partial expansion of the original text. Additions were rendered desirable by recent economic events connected with the war.

Two final chapters on the development of Political Economy have been added.



**MONEY AND BANKING.** By W. A. Scott. Henry Holt & Co. Price, \$2.00.

Covers the theory of money and exchange and a full history of banking systems in England, France, Germany and United States.

A plain, straightforward account of the nature and functions not only of money in the stricter sense, but also of the other mediums of exchange elaborated by modern methods.

Banking in every phase is explained and currency is treated in a masterful manner.

**BUSINESS COMPETITION AND THE LAW.**

By G. W. Montague. G. P. Putnam's Sons, N. Y. Price, \$1.75.

Explains to "small business" (which must operate under the laws made to control "big business") the law of business competition and everyday trade conditions affected by the Anti-Trust Laws.

Cites the dangers of aggressive salesmanship, drawing illustrations from the author's own experiences as a corporation lawyer.

**APPLICATION OF EFFICIENCY PRINCIPLES.** By G. H. Shepard. Engineering Magazine Co. Price, \$3.00.

An interpretation for general business men and industrial engineers of Harrington Emerson's "twelve principles" of industrial efficiency.

Author attempts to steer a middle course between preceding books on the subject which have been either too theoretical or too engrossed in a specific problem to be of help to the average business man.

By citing instances from many callings, he shows in detail the application of each of the principles to a wide number of fields, in a manner both concrete and practical.



## American Association of Financial Statisticians

**U**NDER the above title an association has been formed for collecting general financial statistics. Officers are: President, Charles W. Gerstenberg, New York University; secretary, Arthur Batty, Halsey, Stuart & Co.; first vice-president, C. Copeland, H. H. Copeland & Sons; second vice-president, Luigi Criscuolo, Redmond & Co.; librarian, F. E. Seidman, Eastman, Dillon & Co.; additional member executive committee, F. W. Seymour, Knauth, Nachod & Kuhne.

It has been decided by the organiza-

**HIGH COST OF LIVING.** By F. C. Howe.

Charles Scribner's Sons. Price, \$1.50.

A clear and analyzing study of the causes and aspects of the present high cost of living. Attributes the rise to economic conditions before the war, although the latter aggravated and hastened tendencies.

Discusses freely and frankly the problem of feeding the nation, gambling in wheat, cold storage and distributors, transportation embargo, why there is not more food, exploiting the farmer, and the farmer and the banker. Index.

The author is commissioner of immigration, Port of New York.

**OUR CHIEF MAGISTRATE AND HIS POWERS.** By W. H. Taft. Columbia University Press. Price, \$1.50.

Lectures delivered at Columbia University, giving intimate and first-handed views of the powers of the President.

Discusses fully and interestingly the veto power, minor powers, power of appointment, duty of the President to take care that the laws are executed, power and duties as commander-in-chief, foreign power, pardoning power, and also gives the limitations of the President's powers.

tion to issue an official organ to be called "The Financial Statistician." It will be published monthly, beginning January, 1918. Each issue will contain articles by members which should be of general interest, as well as editorials and other live matter.

The aim will be to make the publication attractive to members and others who may be interested in financial matters. While many articles will be technical, others will be of value to the layman who is interested in financial statistics.

# New Officers of the Standard Oil Company

**T**HE board of directors of the Standard Oil Company (of New Jersey) has elected A. C. Bedford, heretofore president of the company, Chairman of the board of directors and chief



**A. C. BEDFORD**

Chairman Board and Chief Executive Officer  
Standard Oil Company, New Jersey

executive officer. The board also elected as a director and president of the company Walter C. Teagle, formerly vice-president and director of the Standard Oil Company (of New Jersey) and now president of the Imperial Oil Company, Ltd.

This change makes the organization of the Standard Oil Company (of New Jersey) very similar to that of the United States Steel Corporation,

wherein the chairman of the board acts as chief executive officer and the president of the company has special charge of operations.

In addition to his duties as president of the company, Mr. Bedford has for many months past been acting as chairman of the petroleum committee created by the Council of National Defence. In that capacity he has had a multitude of duties in cooperation with



**WALTER CLARKE TEAGLE**

President Standard Oil Company, New Jersey

the Government, directed toward mobilizing the petroleum supply of the Nation for the benefit not only of the American Government but also for our Allies. With this change in the organ-

ization, Mr. Bedford will be able to continue to give such attention as may be necessary to activities he may be called upon to perform in connection with the Government, as well as supervise the actual conduct of the company's affairs.

H. H. Tilford has resigned as a director of the Standard Oil Company (New Jersey), being succeeded by Walter C. Teagle.

Walter Clark Teagle was born May 1, 1878, at Cleveland, Ohio. On both sides he is of English ancestry. Mr. Teagle's father was a member of the oil firm of Scofield, Schurmer & Teagle of Cleveland. His maternal grandfather, Morris B. Clark, one of Cleveland's pioneers, was the first partner of John D. Rockefeller, their earliest business association being in the grain trade and the business was later extended so as to include the oil trade which was then in its infancy. Mr. Teagle graduated from Cornell with the degree of bachelor of science.

After leaving college he received his business training with the above-mentioned firm of Scofield, Schurmer & Teagle. During his connection with this firm he gained a thorough knowl-

edge of the various details of the oil business and in 1900, when this firm with others was merged into the Republic Oil Company, he was elected vice-president of that company.

He remained the active manager of the Republic for about three years, when he accepted a position in the Standard Oil Company's export department in New York. Upon joining the export department he was placed in charge of the marketing of the Standard's products in certain foreign countries and in the carrying out of this work the greater part of his time was spent abroad, which brought him in close contact and enabled him to become familiar with the producing and marketing situation in all parts of the world, resulting in his eventually becoming the head of the Standard's export department.

In 1910 he was elected a director of the company and later became one of its vice-presidents, resigning this position in 1913 to accept the presidency of the Imperial Oil Company, Limited. He has also been president of the International Petroleum Company since its formation in 1915.



## Limitation on "Real Estate Furniture and Fixtures"

**T**HE amount which a bank may properly invest in its building and equipment has been the subject of frequent discussion. In New Mexico such an investment is fixed by law. Section 32 of the Banking Act of New Mexico provides:

"No bank shall have invested in its banking-house and lot, or lots, on which the same is situated, together with the furniture and fixtures of said banking-house, more than one-third of

its paid-up capital and surplus. Any existing bank having invested in its banking-house and lot, or lots, on which the same is situated, together with the furniture and fixtures of said banking-house, more than one-third of its paid-up capital and surplus shall on or before January 1, 1918, charge off such amount so invested as may be in excess of one-third of its paid-up capital and surplus and shall no longer carry the same upon the books of said bank as an asset."

# "The Dollar Spent For Unnecessary Things is a Menace to Our Country"

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By FRANK A. VANDERLIP, Director War Savings Department

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**A** DOLLAR that is not at work is almost as truly a drain upon society as an idle man, and in the time of this crisis, when the world urgently needs every dollar, a hoarded dollar is a slacker.

"There is something worse than a slacker, though. A slacker is only a

negative quantity. But a dollar spent for an unnecessary thing to-day becomes an ally of the enemy. It is a traitor dollar, because the labor of men and women is employed needlessly to make useless things, when the government needs that labor to make things that are essential for our soldiers in winning the war—so we see that the dollar spent for unnecessary things is a menace to our country, a menace in this world fight for freedom.

"It is for every person to stop and consider, before spending each dollar, into which pan of the scale they throw it. Will they buy unnecessary things, and by the weight cast on that side of the scale contribute to our defeat, or will they refrain from the unnecessary purchases and put the dollar into the hands of the government, enabling it to buy the things, the weight of which will be a real help toward victory? Let every one picture that scale in front of them when they spend money.

"American soldiers need a vast amount of equipment. It is impossible to produce all the equipment a great army needs, in the shortest possible time, unless the government is amply supplied with labor.

"When you hire a man to produce for you an unnecessary article you are competing with the government for that man's labor. By just so much you are helping to make ineffective and more dangerous the work the American soldier has to do. You are paying to make that dollar inefficient."



FRANK A. VANDERLIP

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

### A

Adams, F. R., Will County National Bank, Joliet, Ill.  
American National Bank, Richmond, Va.  
American Savings Bank, Springfield, Mo.  
Ansley, D., c/o Central Trust Co., San Antonio, Tex.  
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

### B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.  
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.  
Banks Magazine, The, New York.  
Bauder, Ray E., cashier, First National Bank, Taylorville, Ill.  
Baughar, E. M., president, The Home Building Association Co., Newark, O.  
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.  
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.  
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.  
Branham, D. R., director publicity, Heltman Commercial Trust and Savings Bank, Los Angeles, Cal.  
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.  
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-president, Penn. National Bank, Chester, Pa.  
Burwell, Stephen L., vice-president, First National Bank, Jackson, Miss.

### C

Citizens National Bank, Oconto, Wis.  
Copp, R. Reed, assistant advertising manager, National City Bank, New York City.  
Craig, David, Tradesmen's National Bank, Philadelphia, Pa.  
Critchell, L. S., publicity manager, Guaranty Trust Co., New York City.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.  
Curry, Bradley, c/o Fourth and First National Bank, Nashville, Tenn.

### D

Davenport, C. M., manager new business department, Bank of Italy, Los Angeles, Cal.  
Dexter Horton National Bank, Seattle, Wash.

Durham, T. R., assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.  
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

### E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.  
Ekirch, A. A., secretary, North Side Savings Bank, New York City.  
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

### F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.  
First National Bank, Lead, S. D.  
Frieden, Ben W., 334 Davidson Building, Sioux City, Iowa.

### G

Groves, J. W., advertising manager, Northwestern National Bank, Minneapolis, Minn.

### H

Hamsher, C. F., cashier First National Bank, Los Gatos, Cal.  
Harper, W. A., Lumberman's National Bank, Houston, Tex.  
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.  
Hill, John R., Barnett National Bank, Jacksonville, Fla.  
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.  
Hongaund, Jessamine G., publicity manager, National City Bank, Chicago, Ill.  
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.  
Hokanson, N. M., State Bank of Chicago, Chicago, Ill.

### J

Jarvis, Charles D., c/o Savings Bank of Utica, Utica, N. Y.  
Jenkins, W. L., Farmers and Mechanics Trust Co., West Chester, Pa.  
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.  
Jones, W. P., assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

### K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.  
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.  
 Keyton, Grover, manager advertising department, Capital National Bank, Montgomery, Ala.  
 Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

## L

Lanier, B. W., First National Bank, Lakeland, Fla.  
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

## M

McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., Park Trust Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.  
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.  
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.  
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.  
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.  
 Moser, E. W., assistant cashier, St. Louis Union Bank, St. Louis, Mo.  
 Muirhead, J. C., vice-president, The Stock Growers State Bank Worland Wyo.  
 Murray, W. P., cashier, Bank of San Rafael, San Rafael, Cal.

## N

Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.  
 Norton, W. W., treasurer, Robbins Burrall Trust Co., Lakeville, Conn.

## O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Poole, John, president, Federal National Bank, Washington, D. C.  
 Potter, A. E., president, Broadway National Bank, Nashville, Tenn.  
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

## R

Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.  
 Russell, W. W., cashier, First National Bank, White River Junction, Vt.

## S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.  
 Scott, Walter, vice-president, Virginia Trust Co., Richmond, Va.  
 Shepherd, George W., c/o International Trust Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.  
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.  
 Smith, T. K., Jr., manager, Gimbel Brothers, Bankers, New York City.  
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.  
 Stein, Edmund, and son, cashier, John Nemeth State Bank, New York City.  
 Stewart, F. E., 1505 Jefferson St., Toledo, O.  
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.  
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

## T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

## V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.  
 Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

## W

Wadden, John W., president, Lake County Bank, Madison, S. D.  
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.  
 Williams, J. C., assistant cashier, Third National Bank, Scranton, Pa.  
 Wilson, C. C., cashier, Continental and Commercial Trust and Savings Bank, Chicago, Ill.  
 Withers, K. K., publicity manager, County Savings Bank, Scranton, Pa.

## Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.  
 Zimmerman, Paul C., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.



## And Members of Congress Too?

**I**N discussing methods for the sale of bonds, the London "Statist" says:

"The regret is that a country-wide campaign for this purpose was not undertaken months ago, for long before the National War Bonds were offered it was generally known that a new form of borrowing of some kind or other was contemplated. However, the matter to consider at the moment is as to the best means to employ to conduct a general campaign throughout the country with the object of stimulating

the sale of the bonds. One method we would suggest is that members of Parliament should participate in the campaign. Everyone is well acquainted with the surprising energy they display at election times when they are out to get votes, and surely the existing needs of the country would seem to call for equal activity on their part at the present moment. Were they to adopt this course it could scarcely be denied they would be performing a far more useful service to the nation than many of them now appear to be doing in the House."

# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

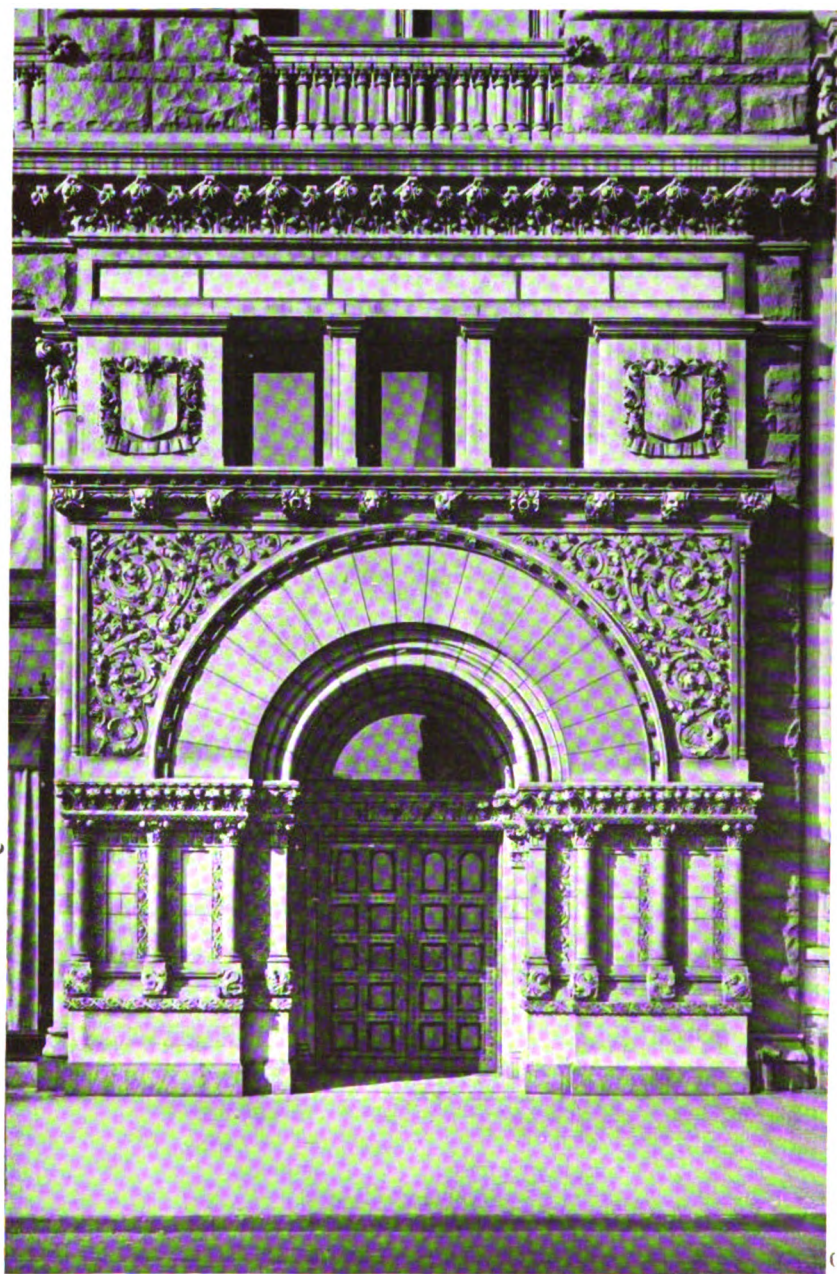
CAPITAL . . . . \$3,000,000.00

SURPLUS . . . . 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

### OFFICERS

HARVEY D. GIBSON . . . . .	President
DANIEL G. REID . . . . .	Vice President
CHAS. W. RIECKS . . . . .	Vice President and Cashier
ALEXANDER M. HALL, 2nd . . . . .	Vice President
ERNEST STAUFFEN, Jr. . . . .	Vice President
JOSEPH A. BOWER . . . . .	Vice President
FREDERICK P. McGLYNN . . . . .	Assistant Cashier
THEODORE C. HOVEY . . . . .	Assistant Cashier
LOUIS W. KNOWLES . . . . .	Assistant Cashier
FREDERICK W. WALZ . . . . .	Assistant Cashier
SIDNEY W. NOYES . . . . .	Assistant Cashier



**Main Entrance, Union National Bank, Newark, N. J.**



WILLIAM SHEERER  
President Union National Bank, Newark, N. J.

## Union National Bank, Newark, N. J.

**T**HE many large and varied industries of Newark, the rapid increase in population and in commerce, the continued advancement in financial importance, all demanded a bank that would adequately represent the city's present banking needs and provide for those of the future.

With this thought in mind, the directors and stockholders of the Second National Bank, the German National Bank and the State Banking Company, after full consideration decided in August, 1902, to merge the three institutions into a single bank—the Union National Bank. The condition of the three banks on September 30, 1901, had been as shown herewith:

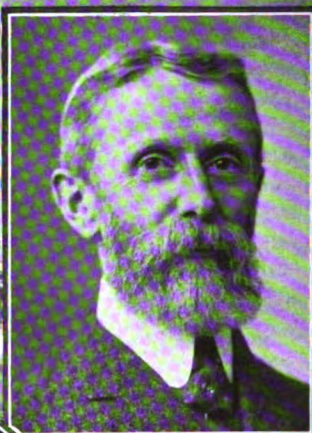
	Second National	German National	State Banking Co.
Capital .....	\$300,000	\$200,000	\$100,000
Surplus .....	100,000	100,000	100,000
Undivided profits .....	31,935	237,950	48,037
Individual de- posits .....	891,258	2,294,767	1,120,879
Loans and dis- counts .....	1,026,540	2,153,206	1,300,512
Total resources.	1,576,685	2,956,976	1,751,730

Instead of making the capital of the combined banks \$600,000, the capital was increased to \$1,500,000, and the surplus raised from \$300,000 to \$1,500,000; undivided profits reduced from \$317,922 to a little over \$100,000.

The growth of the bank since the merger is strikingly shown in the accompanying figures:



WILLIAM C. PEARSON  
CASHIER



ERWIN D. FARNSWORTH  
ASSISTANT CASHIER



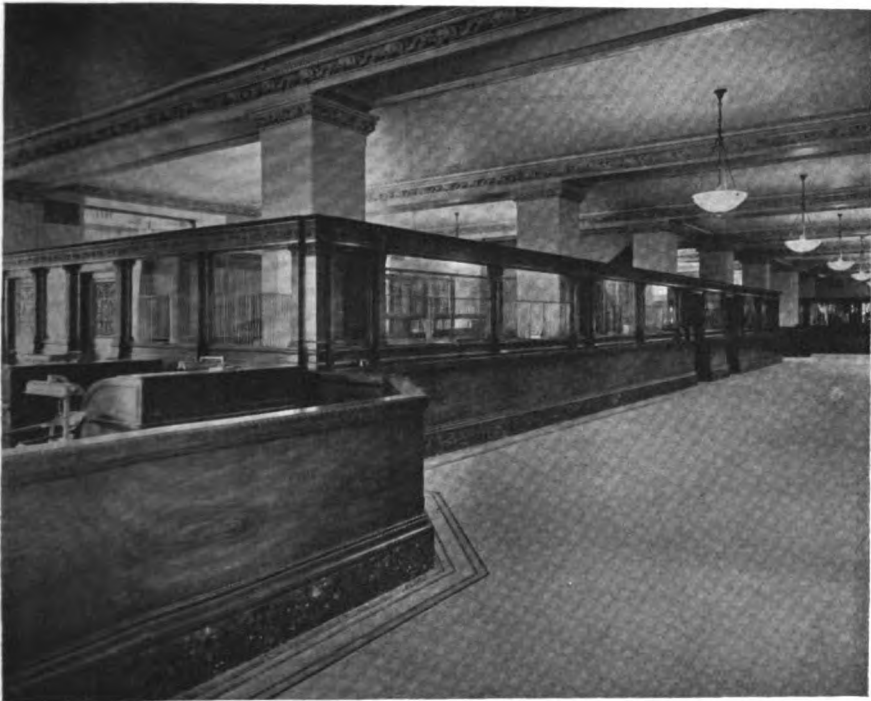
CHARLES H. IMHOFF  
VICE-PRESIDENT



EDWARD L. ARNOLD  
ASSISTANT CASHIER



OSCAR H. MERZ  
ASSISTANT CASHIER



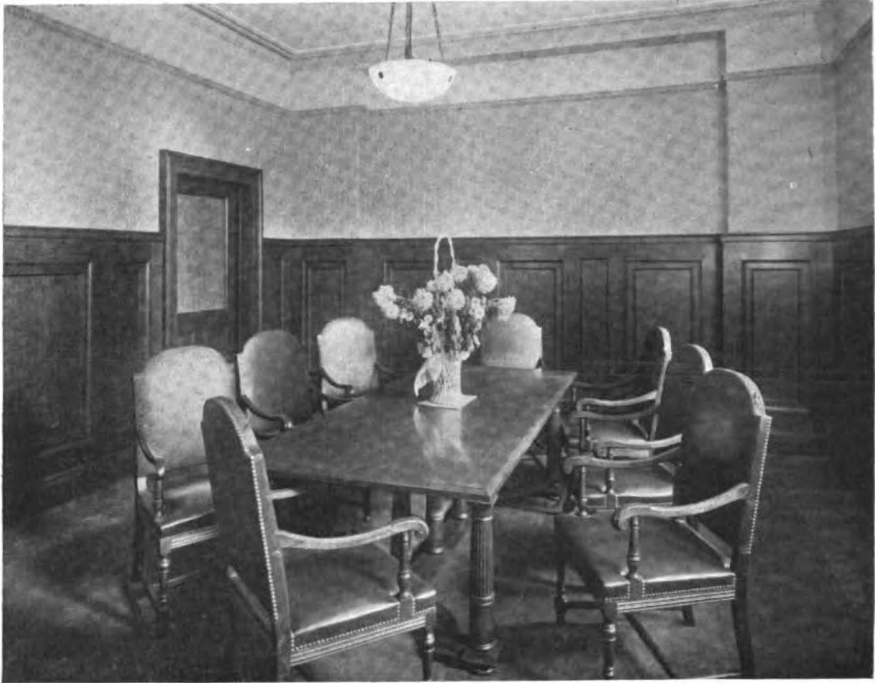
Main Lobby from Entrance, Union National Bank, Newark, N. J.

	Sept. 15, 1902	Jan. 26, 1907	Apr. 18, 1912	Nov. 20, 1917
Capital .....	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Surplus .....	1,500,000	1,500,000	1,500,000	1,500,000
Undivided profits....	123,173	531,197	985,157	978,062
Deposits .....	5,990,521	9,379,444	12,130,099	22,334,436
Total resources.....	9,163,724	13,170,641	17,490,256	27,032,868

From this record it clearly appears that the policy of uniting the banks named into a single institution has proved highly successful. It may be said, incidentally, that the policy of consolidating a number of small banks into one large bank has been a tendency of modern banking, and indeed it has become practically a necessity, because no single small bank can adequately meet the very large requirements of present-day business. The officers and directors of the constituent banks out of which the Union National Bank was formed had the foresight to agree on consolidation at the right time. They soon had the satisfaction of seeing the succeeding bank become the largest national bank in the State of New Jersey—certainly a justification of the step they had taken.

As a rule the strength of a bank is in proportion to its size, because of greater capital and surplus and for the further reason that the greater the volume of assets the wider the distribution of loans, with a tendency to increased safety. Besides, as the law limits the amount of loans a bank may make to a single individual, corporation or firm, basing the limitation on the bank's capital and surplus, it became necessary to provide for enlarged lending capacity to meet the extraordinary growth in business in recent years.

On the score of strength and service, therefore, the Union National Bank has enjoyed many advantages over either the former institutions, and it has also largely added to the number of its accounts, thus reaching more people in the community.



Committee Room, Union National Bank, Newark, N. J.

#### THE BANK'S NEW QUARTERS

In November, 1917, the Union National Bank, having outgrown its original banking offices on Broad street, moved to its present home in the North building of the Prudential Insurance Company of America, at the corner of Bank and Broad streets.

The Union National Bank is the latest of a long series of banking-houses designed by Geo. B. Post & Sons, who are also the architects of all the large buildings constituting the home offices of the Prudential Company.

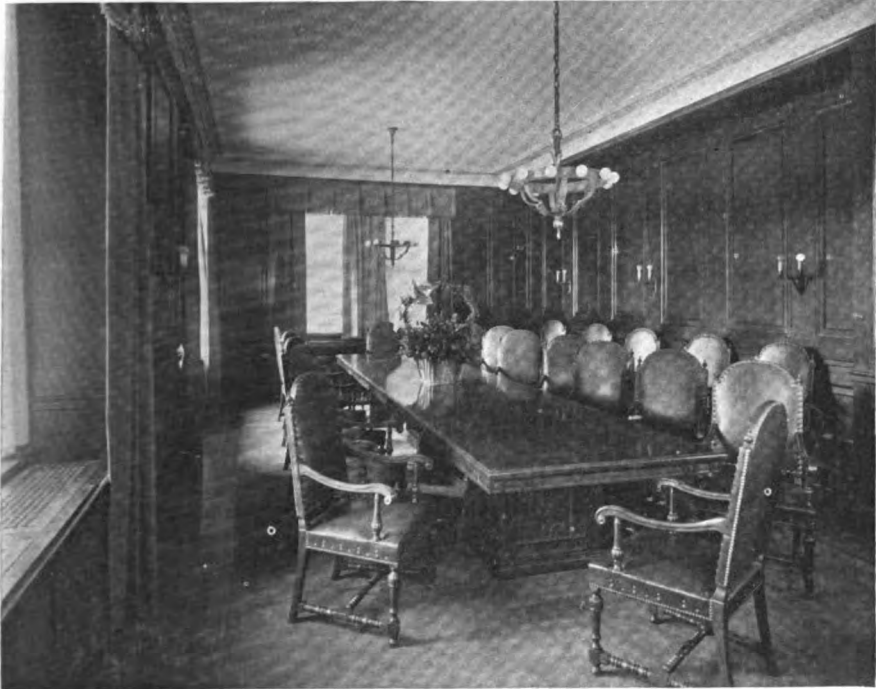
The bank occupies the entire ground floor and basement and a portion of the second floor of this building, an amount of space totalling approximately 20,400 square feet.

The public entrance to the main banking offices on the ground floor is from Broad street—an entrance of impressive and dignified character, with its deeply-recessed, arched and sculptured portal in the style of the Italian Romanesque; its marble walled vestibule, and its heavy bronze doors.

To the left of the visitor entering here will be found the offices of the president, vice-president and cashiers. These offices are separate from each other and from the public space only by a low balustrade; a method in accordance with that modern and growing idea in banking practice, that the officers of a bank be always in direct touch with, and within sight of, their public.

These offices are comfortably furnished with hangings, rugs and furniture, specially selected and designed for their various purposes—being located in the Bank and Broad street corner of the floor they are well lighted and ventilated, and have in addition a pleasant outlook upon these streets.

It is of interest to note the well-planned location of the loan department, conference room, stenographers' room and general bookkeepers' room, which are all in direct touch with the officers' quarters, by means of a private corridor; to note also the private automatic elevator, which operates di-



Directors' Room, Union National Bank, Newark, N. J.

rectly between these officers' quarters, the directors' room, and committee room on the floor above.

The main banking room is wainscoted in a cream colored marble, and is well lighted by semi-indirect lighting fixtures of wrought and gilded iron.

The bank screen which defines the public space in this room is built of Italian and American walnut, and is designed in the style of the Francis I, a style which is in harmony with that of the building. Its color and the delicacy and fine modelling of the ornament which is found on pilaster, panel and cornice, add a touch of intimacy and charm to the room—a touch which here is noteworthy because of the lack of it in the average banking-room owing to the use there of such materials as marble and bronze for the screen.

Back of this screen and to the left of the entrance are located the loan department, the supply department, pay-roll room, and collection department; opposite the entrance and beyond the above-named departments will

be found the various receiving and paying tellers' cages, the bookkeeping department and the transit department. All of these departments are equally accessible and visible to every patron of the bank.

Consideration for the women patrons is expressed in the ladies' retiring room opening from the public space. This room is furnished to please the most discriminating feminine taste, and is charming in its quiet toned walls and painted furniture.

On the second floor is located the directors' room with its necessary service units of committee room, coat room and toilets.

This directors' room is a well-proportioned and dignified room, in the same architectural style as the main banking-room. Its walls are panelled up to the pilaster ceiling in Italian and American walnut, stained, rubbed and waxed until it has gained a rich, warm, nut-brown color. Its quiet dignity is enhanced by the walnut furniture, rugs, and window hangings, all in tones of



Rear Lobby, Union National Bank, Newark, N. J.

brown that blend into the tones of the walls.

The electric lighting fixtures are of antique wrought iron, accented here and there with touches of old gold. The ante-room is wainscoted with oak panelling of the same color as the directors' room.

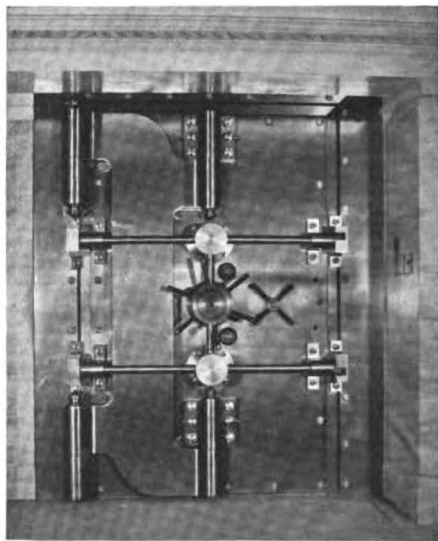
In addition to the above-mentioned private elevator, these rooms are acces-

sible from the main stairway of the banking-room below.

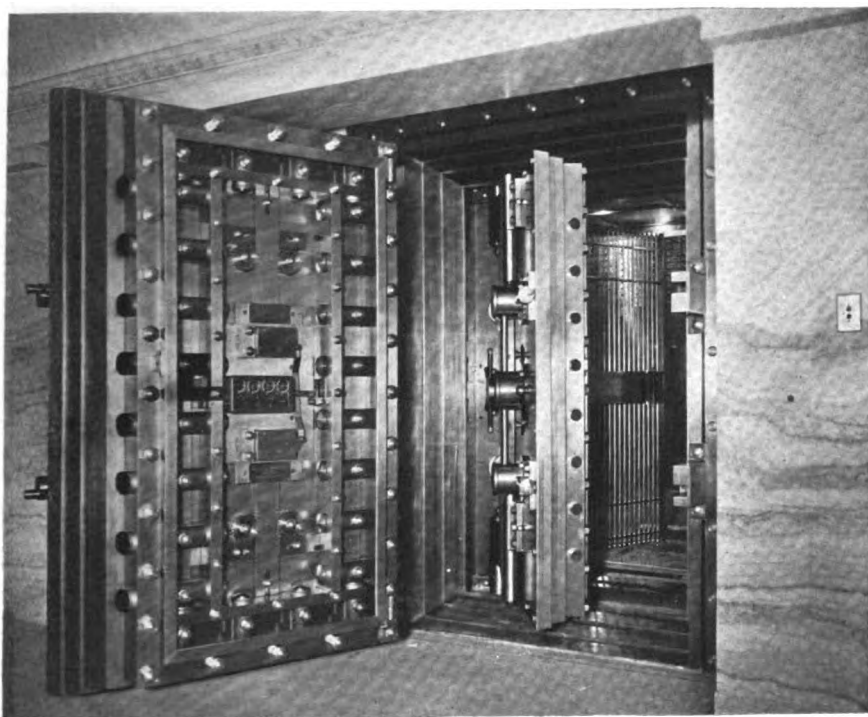
This stairway is also the public approach to the safe deposit department in the basement. It opens directly into the ante-room of this department, which is screened from the guard room by a screen of polished steel. Directly opposite the entrance to the guard room is seen the massive vault door and vesti-



Stairway to Directors' Room, Union National Bank, Newark, N. J.



Vault Door Closed, Union National Bank, Newark, N. J.



Vault Door and Vestibule, Union National Bank, Newark, N. J.

bule. The massiveness of these can be better appreciated perhaps by the statement that together they weigh forty-four tons and that the thickness of the door alone is fifteen inches.

The vault in plan measures 14 feet by 3½ feet 8 inches and extends in height from the basement floor to the ground floor, the top of the vault forming the support for that part of the ground floor directly over it. The clear height inside is 8 feet 4 inches.

The roof of the vault consists of a twenty-inch solid concrete slab supported by fifteen-inch beams imbedded in the concrete. The side and end walls are also made of twenty-inch solid concrete, while the floor consists of an eighteen-inch concrete slab, within which is imbedded six-inch steel railroad rails, spaced and interlocked so as to form a solid steel platform at the bottom of the slab.

The sides, ends, and the roof have steel bar reinforcements, placed so as to form two steel cages having a five-

inch mesh, one cage placed six inches from the outside of the slab, and one placed six inches from the inside of the slab.

The interior of the vault is lined completely on all surfaces with a three-inch thickness of burglar-proof steel plates, the floor having in addition to the plates a finished marble floor.

The vault contains 848 safe-deposit boxes of various sizes. The total weight of the vault and equipment is 575 tons and is divided as follows:

Doors and vestibule .....	44 tons
Safe deposit compartments.....	41 "
Movable safe .....	13 "
Burglar proof crome steel lining..	109 "
Steel railroad rails .....	22 "
Steel reinforcing bars.....	16 "
Concrete walls, roof, floor, and steel support for vault.....	330 "
	<hr/> 575

This total weight is supported by a heavy steel platform consisting of fifteen-inch floor beams and twenty by



Conference Room and Office, Union National Bank, Newark, N. J.

twenty-four inch side wall beams, which frame into three lines of thirty-six-inch plate girders, which in turn frame to six main building columns through which the load is carried to the foundations.

A feature of this department is the coupon booth room, divided into a number of private compartments in which the box renter may secure privacy and comfort. Each booth is equipped with table and chairs, and an electric light is placed under each table so that in all the booths there is no dark corner, where valuable papers might be accidentally dropped and overlooked.

This department is also accessible from the private elevator.

In the basement in addition to the bank examiners' room, the fireproof book vault, the storage and supply rooms, are located the locker rooms, toilets and rest rooms for male and female employees.

On this floor also will be found a large, well-lighted and comfortable reading room, where the employees

have access to the leading periodicals and literature on the subject of banking.

From this description of the bank's new home it may be learned that the aim was to provide banking rooms meeting in the most complete manner possible the requirements of safety, convenience and comfort, combined with tasteful and pleasing effects in construction, equipment and decoration. The result, it is believed; reflects the friendly atmosphere which it is intended shall pervade the bank at all times.

#### PERSONNEL OF THE BANK

Those who direct the affairs of the Union National Bank are men of proved ability and integrity and of wide banking experience. Brief biographical sketches of each of the officers follow:

William Scheerer, President.—Mr. Scheerer was born in New York city and while yet a boy moved to Newark. His business career started in 1874



View of Vault Interior showing safety deposit boxes, Union National Bank, Newark, N. J.

when he obtained a position with the State Trust Co., which was later changed in name to the State Banking Co., in which institution he rose from the lowest position to that of vice-president. In 1902 when the consolidation of the German National Bank, the Second National Bank and the State Banking Co. was effected, and out of which grew the Union National Bank, Mr. Scheerer was elected to the presidency and has held that office ever since. Mr. Scheerer is a director of the Fidelity Trust Co., the Essex County Trust Co., and the Public Service Corporation of New Jersey. He is president of the Essex County Sinking Fund Commission and a governor of the Essex County Country Club. He resides at East Orange.

**Uzal H. McCarter, Vice-President.**—Mr. McCarter is president of the Fidelity Trust Co., the largest trust company in New Jersey, and is also a former president of the Trust Company Section of the American Bankers Association. He enjoys a wide acquaintance and a solid reputation among banking and business men generally.

**C. H. Imhoff, Vice-President.**—Mr. Imhoff was born at Nebraska City,

Nebr., and is a graduate of the University of Nebraska. He studied law and was admitted to practice in the Supreme Court of the State of Nebraska. However, he never practised law, but took the course for the benefit that it might be to him in the banking business. He started as messenger in the First National Bank of Lincoln, Neb., passing through all of the various departments in that institution. In 1899 he moved to New York and accepted the vice-presidency of the Ninth National Bank. Later on he held the position of vice-president in the Chatham National Bank and for several years before coming to Newark was vice-president of the Irving National Bank of New York. Mr. Imhoff has a farm in the Princeton Hills near Hopewell, N. J., where he resides the greater portion of the year. He is a member of the Union League Club, Bankers Club, Lotos Club, Essex County Country Club, Sons of the American Revolution, Academy of Political Science, and many other organizations of like character.

**W. C. Pearson, Cashier.**—Mr. Pearson was born in Newark in 1867 and educated in Newark public schools,

leaving Newark High School before finishing, to accept a clerkship in the German National Bank in July, 1883, as messenger. He has been connected continuously in the German National Bank, or its successor, the Union National Bank, up to the present time, having had practical experience in every department to his present position of cashier. He was appointed assistant cashier in 1909, and succeeded Mr. A. W. Conklin as cashier, upon his retirement in January, 1916.

Mr. Pearson resides in East Orange, is an active member of Roseville Athletic Club, Essex Fells Country Club, Down Town Club and of the Sons of American Revolution.

Erwin D. Farnsworth, Assistant Cashier.—Mr. Farnsworth entered the National State Bank of Newark on January 21, 1873, as runner, succeeding Wilbur H. Tunis, who left that bank to enter the National Newark Banking Co., of which he later became cashier.

Many changes occurred in the clerical force of the National State Bank, and within a very short time Mr. Farnsworth was advanced to the position of discount clerk and general accounts bookkeeper, which position he held until called to the cashiership of the Second National Bank, February 1, 1889. This office he held until the consolidation of the Second National with the German National and State Banking Co., forming the Union National Bank, in June, 1902, of which he was made one of the assistant cashiers. He also held the office of treasurer of the Dime Savings Institution of Newark for several years, resigning within a year or two after the consolidation. He is a member of the Newark Board of Trade, Wednesday Club, New Jersey Society, Sons of the American Revolution, and a life member of the Young

Men's Christian Association and New Jersey Historical Society.

Edward L. Arnold, Assistant Cashier.—Mr. Arnold was born in Newark in 1874. At an early age he removed with his parents to East Orange, where his boyhood days were spent on the farms of that section of the town now known as Ampere. He attended the public schools, graduating from the high school department at the age of fifteen. Shortly afterward, in 1889, he entered the employ of the State Banking Co. as runner. A few years later he was appointed receiving teller and later paying teller, which position he held at the time of the consolidation of the State Banking Co. with the Second National Bank and German National, forming the Union National, in 1902.

Here he was given the desk of second paying teller, passing to first in 1909, and a few years later was elected assistant cashier.

Outside of banking Mr. Arnold has been more or less active in building and loan circles, holding the position of treasurer in the Howard and Weequahic, and also acts as auditor of two others.

Oscar H. Merz, Assistant Cashier.—Mr. Merz was born in Newark September 19, 1875. He graduated from the Third Ward Public School, and continued in the Newark High School, and at the close of the junior year entered the State Banking Company as messenger. He served in the various departments of the bank, and at the consolidation of the German National Bank, Second National Bank and State Banking Co., forming the Union National Bank, was made loan clerk. In January, 1915, he was made assistant cashier. Mr. Merz is one of the trustees of the Newark Association of Credit Men, and Secretary of the Manufacturers' Building and Loan Association.





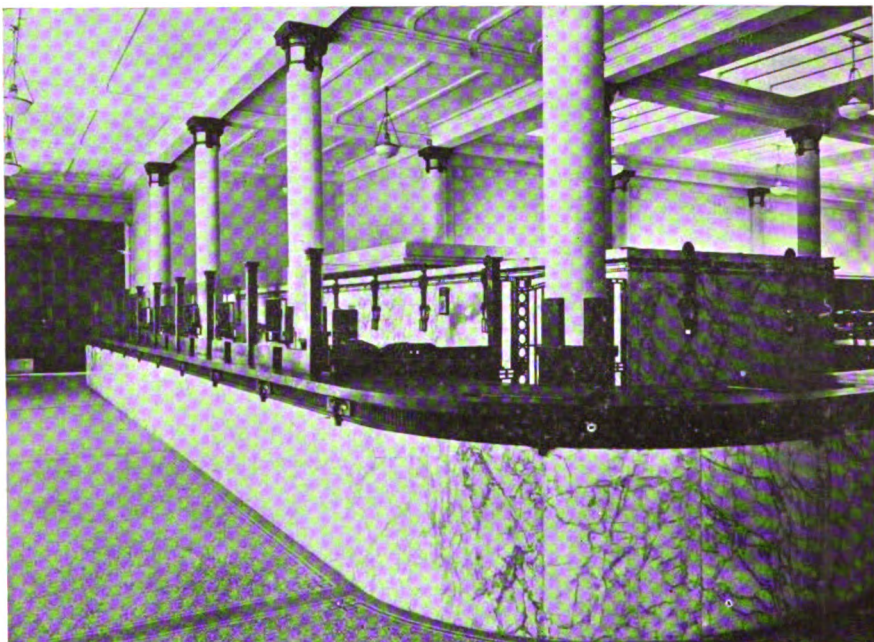
Buenos Aires Branch of the First National Bank of Boston  
 Corner Bartolome Mitre and San Martin Streets, the "Wall and Broad" of the Argentinian Metropolis

## The Buenos Aires Branch of the First National Bank of Boston

**I**N the early part of February of last year, the First National Bank of Boston announced its decision to open a branch office at Buenos Aires, Argentine Republic, having selected as executive for this operation Mr. Noel F. Tribe, who had for a long period

been a resident of that city and a member of its banking fraternity.

Employing that spirit of promptness of execution which is so strongly displayed at the home office, through the untiring efforts of both Mr. Tribe and Mr. F. Abbot Goodhue, vice-president



**Main banking floor, First National Bank of Boston Buenos Aires Branch**



**Discount and Foreign Exchange Department ; ; credit department in balcony  
First National Bank of Boston Buenos Aires Branch**

Established  
1857



60 Years of Con-  
servative Banking

The  
**Mechanics-American  
National Bank**  
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$50,318,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND  
THE STRENGTH TO GIVE THE BEST SERVICE

**ACCOUNTS INVITED**

**WALKER HILL, President**

**FRANK O. HICKS . . . Vice-President**  
**JACKSON JOHNSON . . . Vice-President**  
**EPHRAIM CATLIN . . . Vice-President**  
**JOSEPH S. CALFEE . . . . . Cashier**

**CHARLES L. ALLEN . . . Asst. Cashier**  
**JAMES R. LEAVELL . . . Asst. Cashier**  
**C. H. CHASE . . . . . Asst. Cashier**  
**RICHARD L. KING . . . Asst. Cashier**

of Plainfield, serving in that capacity until November, 1904, at which time he was elected register of deeds and mortgages for Union county and held that office until December 1, 1917, resigning to accept the position of Commissioner of Banking and Insurance for New Jersey.

Mr. Smith is president of the Rahway National Bank at Rahway, N. J., and until his appointment as Commissioner, was a director in the Plainfield Trust Co., also director, member of the executive committee and of the investment committee of the Eagle Fire Insurance Co. of Newark. He is also vice-president of the Lawrence Portland Cement Co. at Siegfried, Pa., and sales manager of the Lawrence Cement Co., New York.

**JOINS FEDERAL RESERVE SYSTEM**

The Bloomfield (N. J.) Trust Co. has become a member of the Federal Reserve System.

**TREASURER HOME SAVINGS BANK**

Albert H. Geer, who has been connected with the Home Savings Bank, Albany, N. Y., since 1889, and assistant treasurer since 1912, has been elected treasurer, to succeed the late William F. Hourigan.

**\$300,000 TO BE DISTRIBUTED**

The Citizens Commercial Trust Co. of Buffalo is about to pay out approximately \$300,000 to the 12,000 members of its 1917 Christmas Club. Instead of using it all to purchase Christmas gifts a considerable number are applying part on payment of Liberty Bonds to which they have subscribed.

**FORT DEARBORN NATIONAL ENLARGES  
BANKING ROOMS**

The Fort Dearborn National Bank of Chicago continues to expand and enlarge. The entire fourth floor of the



At the Gateway to the Great Southwest

# **The National Bank**

## **of Commerce**

### **IN ST. LOUIS**

offers its services for the prompt and dependable handling of your banking business in this section of the country

**Capital, Surplus and Profits, over \$13,000,000.00**

***"Large enough to serve any—  
Strong enough to protect all"***

TOM RANDOLPH, Chairman of the Board

JOHN G. LONSDALE, President

W. B. COWEN, Vice-President

W. L. McDONALD, Vice-President

J. A. LEWIS, Vice-President and Cashier

Bank Building has been added recently to its already large space. The new floor has undergone a complete remodeling with the latest and most approved appliances installed in the transit department, now on the new floor, having out grown the mezzanine floor—its former location. The auditing department will now occupy this floor; their space on the bank floor makes room for enlarged foreign exchange and credit departments of the bank.

Mr. Charles Fernald is back again with the Fort Dearborn National Bank, as a vice-president, having resigned as vice-president of the Drovers National Bank. Mr. Fernald was assistant cashier in the Fort Dearborn National Bank before going with the Drovers National two years ago.

The Fort Dearborn National has just added two more assistant cashiers to its force. Edward Heinz was promoted to Assistant Cashier after five years of efficient service as discount

clerk. W. J. Fickinger, an experienced banker from Indianapolis, was also made assistant cashier.

#### **ENLARGED BUSINESS ANTICIPATED**

David R. Forgan, president of the National City Bank, Chicago, believes business in the West will be further increased through government buying. He says:

Immense contracts will be given out for war material, foodstuffs and other supplies. All the buying makes for better business, not alone in the industry directly affected, but in kindred industries and often in widely spread communities. The government order is still, therefore, the dominating factor in the business situation, and, since it represents many strong governments, the total business covered is probably greater than that represented by any similar buying movement that has taken place in the United States. Some branches of business are still a good deal unsettled by the uncertainties of the price-fixing campaign and by the action of various consumers in withholding orders until conditions are more stable.

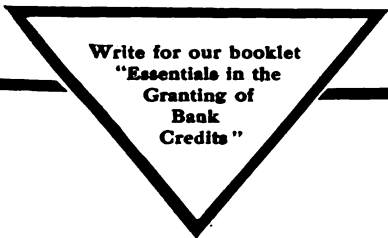
# Banking for Banks—

Our membership in the Federal Reserve System gives us full facilities for collections and rediscounts, and our Investment Departments—Bond and Farm Loan—give us unique opportunities for service.

## Mississippi Valley Trust Co.

Capital, Surplus and Profits over  
\$8,000,000

ST. LOUIS



Write for our booklet  
"Essentials in the  
Granting of  
Bank  
Credits"

### BUSINESS SENTIMENT IMPROVING

The December issue of the National Bank of the Republic (Chicago) *Review of Business*, says:

Business sentiment has noticeably improved in the short space of a month. Confidence in the ability of the country to bear the added burden of the war is being manifested by a larger volume of buying by both manufacturers and distributors and by the greater activity in the launching of new enterprises. Business men are gradually becoming reconciled to the heavy taxation of excess profits. And, as contrasted with a few months ago, they now look upon the ending of the war as a factor which will be distinctly favorable to business, in that it will mean a restoration of profits and a freedom from regulation. Meanwhile the country is accepting its seeming hardships with good grace and is settling down to a grim determination to leave no stone unturned to bring the war to a successful conclusion. While in a material way tremendous strides have been made towards this end, many problems must still be solved, these, in the order of their importance, relating to transportation, labor, fuel and food.

### FORT DEARBORN NATIONAL BANK

The Fort Dearborn National Bank of Chicago announces the election of two assistant cashiers, Edward N. Heinz, for a number of years manager of the discount department, and William J. Fickinger, for many years a banker at Indianapolis, and who will be connected with the country bank department.

### PENSION SYSTEM IN CHICAGO

It is reported that the Continental and Commercial National Bank, Chicago, have set aside the sum of \$300,000, as the beginning of a pension system.

### WAR DEVELOPMENTS UNCERTAIN

The National City Bank of Chicago in its monthly letter says that the future is clouded chiefly because it is impossible to tell what will develop in the war area. It adds:

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

*Capital & Surplus, \$2,500,000    Resources, \$12,924,000*

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.

CLINTON G. MORGAN, Cashier

JOSEPH W. LEFFLER, Asst. Cash.

WILLIAM R. WEBB, Asst. Cash.

Many believe that the war will end within a few months, when the serious work of readjustment to a peace basis must be taken up. The government officials, however, are not acting upon any such basis. The resources of the nation are being mobilized for a long war as the best possible preparation for an early peace, if that can be honorably achieved. Although serious setbacks have been encountered, the allied interests have made remarkable headway on the Western front within the last few weeks. It is evident that the American participation will be much more effective than many experts at the time of our formal entry into the war last April thought it could be. These are extraordinary times and the war problems are making a different people of us all. The situation is full of uncertainties, but there is every reason to take a hopeful view of the future.

### CONDITIONS IN THE PITTSBURGH DISTRICT

The People's National Bank of Pittsburgh has this to say of local conditions in its December review:

Conditions surrounding the local situation did not undergo any radical

change from the preceding month. Labor and transportation were unequal to the demands made upon them, and shortage in fuel caused restriction in the output of mills and furnaces. The volume of trade, however, continued large and our local bank exchanges were exceptionally heavy, on one day establishing a new high record in the history of the city.

### GUARDIAN SAVINGS AND TRUST CO.

H. P. McIntosh, who has resigned as president of the Guardian Savings and Trust Co., Cleveland, has been succeeded by J. A. House, formerly first vice-president. H. C. Robinson, second vice-president, becomes first vice-president, George F. Hart becoming second vice-president; H. P. McIntosh, Jr., third vice-president and J. A. Mathews, fourth vice-president. Mr. Mcgerth was made fifth vice-president, taking the place of H. P. McIntosh, Jr. A. G. Stucky, formerly

assistant secretary and trust officer, was elected to the position of sixth vice-president and trust officer, and C. P. Zurlinden was elected to fill the office of assistant secretary, left vacant by Mr. Stucky's promotion.

#### CURTAILING USELESS EXPENDITURE

Vice-president George L. Tickner of the National Bank of Syracuse made a plea for the curtailment of useless expenditure, in which he said:

England figured out and we will learn that it is impractical to conduct an expensive war and at the same time produce unnecessary articles to gratify what of course are natural instincts of the small investor who for the first time has money to spend. The real need is to save not so much for the saving of money as to make it of use by loaning it to the government instead of using it up to make somebody else work making the thing that it would buy.

#### PRESIDENT ST. LOUIS CHAMBER OF COMMERCE

Richard S. Hawes, vice-president of the Third National Bank, St. Louis, has been elected president of the St. Louis Chamber of Commerce. Mr. Hawes has been conspicuously identified with all projects to advance the welfare of the city and as vice-president has acted as president during many important movements of the chamber.

#### THIRD NATIONAL'S SAVINGS DEPARTMENT GROWING

The savings department of the Third National Bank, St. Louis, has outgrown its quarters, and the bank has made a rearrangement by which this department now occupies three times as much floor space as formerly. The department now requires the services of twice as many clerks as were employed when it was opened in January, 1915.

#### LIBERTY BOND SUBSCRIPTIONS IN THE NORTHWEST

Commenting on Liberty Bond subscriptions in the Northwest, the North-



## The Old National Bank of Spokane

**W**ITH direct connections in every banking point throughout the "Inland Empire"—a region three times the size of Alabama, of which Spokane is the financial and railroad center—The Old National has the facilities to collect your Pacific Northwest items with exceptional economy and dispatch.

#### OFFICERS

*D. W. TWOHY, President*  
*T. J. HUMBIERD, Vice-President*  
*W. D. VINCENT, Vice-President*  
*J. A. YROMANS, Cashier*  
*W. J. SMITHSON*  
*G. H. GREENWOOD J. W. BRADLEY*  
*Assistant Cashiers*

**RESOURCES : \$20,000,000**





**Increase  
Your Deposits!**

**Distribute  
BULLET  
BANKS  
Among Your  
Depositors**

Create New Accounts Thru the Use of this Safe.

**FREE  
SAMPLE**  
on request  
to Officials of Banking Institutions.  
*Write us for particulars.*

**Be First in Your  
City to Use This  
Bank.**

**Stronghart  
Company**  
1510 S. Wabash Ave.  
Chicago

*western National Bank Review* (Minneapolis) says:

Taking it by and large, the Northwest is a land of ready money, but ready money has meant past savings in some communities, the tinned cream of former prosperity, rather than the fresh cream of the present. Reports of bankers concerning the payment of the Liberty Loan subscriptions testify to a variety of experiences. These have followed roughly the varying degrees of the local crop success, or have been influenced by the newness of the country, though sometimes the results seem to have been a matter of local psychology quite in variance to a course that seemed logical elsewhere. In some sections where crops were none too good, withdrawals from savings or time deposits for the purchase of bonds were small, which may have meant, though not necessarily, that Liberty Loan subscriptions were also small. In some other places where crop conditions were similar, savings were quite largely drawn upon.

#### NEW NORTHWESTERN VICE-PRESIDENTS

The Northwestern National Bank of Minneapolis has added two new offi-

cers. A. A. McRea of the South Side State Bank of Minneapolis has been elected vice-president and will become actively connected with the larger institution. He will retire as cashier of the South Side State Bank, becoming vice-president. R. E. MacGregor, who has been cashier of the Northwestern National Bank, was at the same time advanced to vice-president. He is succeeded by S. H. Plummer, who has been assistant cashier.

#### CALIFORNIA CONTRIBUTES TO FOOD SUPPLY

The financial and business letter of the American National Bank of San Francisco tells of California's contribution to the world's food supply. The letter says:

California is contributing its share to the world's food supply, and growers are realizing excellent prices. The year's production of barley reached about 35,000,000 bushels, of good quality. With the prospect of 1,700,000 tons of sugar beets, there seems to be no imminent danger of a sugar famine here. Our rice crop of 5,000,000 bushels, is fifty per cent. larger than that of 1916. Continued sunshine in the San Joaquin Valley has ensured the complete success of a 150,000-ton raisin crop. In the matter of beans, California leads the country, with an output, according to government estimate, of 9,278,000 bushels; while the year's production of onions in this state, on the same authority, is 3,348,000 bushels.

#### SUMITOMO BANK IN SEATTLE

The Sumitomo Bank, Ltd., of Osaka, Japan, which established a branch at San Francisco a year or two ago, announces that a branch will be opened in Seattle at the first of the year. The institution has a capital of \$15,000,000 and deposits of \$85,000,000. The activities of the branch will be limited to exchange operations in connection with import and export trade, and no commercial loans will be made.

The branch will be in charge of T. Namura, who has been assistant manager of the San Francisco branch. Previous to going to the San Francisco office he was with the foreign exchange

# Bank of New Zealand

ESTABLISHED IN 1861

Bankers to the New Zealand Government

## CAPITAL

4% Stock Guaranteed by New Zealand Government . . .	\$2,579,186
Preference Shares issued to New Zealand Government .	3,649,875
Ordinary Shares . . . . .	4,866,500

**\$11,095,561**

Reserve Fund . . . . .	\$10,389,977
Undivided Profits . . . . .	543,077

**10,933,054**

Total Paid up Capital and Reserves . . . . .	\$22,028,615
Uncalled Capital on Ordinary Shares . . . . .	2,433,250

**\$24,461,865**

Head Office:

**WELLINGTON, NEW ZEALAND**

General Manager: **WILLIAM CALLENDER**

London Office:

**1 QUEEN VICTORIA STREET, E. C.**

Manager: **ALEXANDER KAY**

**THE BANK OF NEW ZEALAND** has Branches at Auckland, Blenheim, Christchurch, Dannevirke, Dunedin, Gisborne, Hamilton, Hastings, Invercargill, Masterton, Napier, Nelson, New Plymouth, Oamaru, Palmerston North, Queenstown, Rotorua, Timaru, Wanganui and Wellington, and has also Branches or Agencies at 178 other towns in New Zealand, at Melbourne and Sydney in Australia, Suva and Levuka in Fiji, and Apia in Samoa, also Agents in all the principal Cities in the World.

The Bank has facilities for conducting every description of Banking business.

It is prepared to negotiate at any of its Branches Bills drawn in dollars or sterling under Credits established by its American Agents, and to issue Drafts or Credits, either in dollars or sterling, on any of the principal Cities in North America.

Chief Agents in New York: **IRVING NATIONAL BANK.**

Chief Agents in San Francisco: **FIRST NATIONAL BANK OF SAN FRANCISCO.**

### Other Agents in United States:

American Express Company.  
Bank of British North America.  
Bank of Montreal.  
Bank of Nova Scotia.  
Canadian Bank of Commerce.  
Chase National Bank of New York.  
Crocker National Bank of San Francisco.  
Drexel and Co., Philadelphia.  
Equitable Trust Company of New York.  
Farmers & Merchants National Bank, Los Angeles.  
First National Bank of Boston.  
First National Bank of Chicago.

Greenebaum Sons Bank & Trust Co., Chicago.  
Illinois Trust & Savings Bank, Chicago.  
International Banking Corporation.  
Morgan & Co., J. P., New York.  
National Bank of Commerce, St. Louis.  
National Bank of South Africa, Ltd.  
Riggs National Bank of Washington, D. C.  
Royal Bank of Canada.  
Standard Bank of South Africa, Ltd.  
Walker Bros., Salt Lake City.  
Yokohama Specie Bank, Limited.

### Chief Agents in Canada:

**CANADIAN BANK OF COMMERCE**

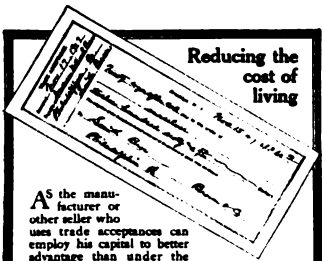
**BANK OF BRITISH NORTH AMERICA**

### Other Agents in Canada:

American Express Company.  
Bank of Montreal.  
Bank of Nova Scotia.  
Bank of Ottawa.

Dominion Bank.  
Dominion Express Company, Toronto.  
Imperial Bank of Canada  
Royal Bank of Canada.

**Reducing the  
cost of  
living**



As the manu-  
facturer or  
other seller who  
uses trade acceptances can  
employ his capital to better  
advantage than under the  
open book account system,  
his business has a smaller operating cost.

Moreover, his use of the trade acceptance will  
reduce loss of interest and loss from bad debts,  
thus further lessening his cost of doing business.  
It is apparent, therefore that the general adop-  
tion of the trade acceptance system would tend  
to lower the cost of living, and that is another  
reason why the First National is strongly in  
favor of it.

**FIRST**  
NATIONAL BANK  
— IN BROOKLYN  
BROADWAY & HAVEMEYER ST.

**An advertisement**  
*prepared by*  
**EDWIN BIRD WILSON, Inc.**  
*Financial Advertising*  
Bankers Trust Building  
NEW YORK

Portland, the largest state bank in Oregon, and the second oldest bank on the coast.

**NEW SECURITY TRUST AND SAVINGS  
OFFICER**

H. W. Little, who began his banking career with the Security Trust and



**H. W. LITTLE**  
Assistant Secretary Security Trust and Savings  
Bank, Los Angeles

department of the head office at Osaka.

The branch will be located in the Central building, at the Columbia street corner of Third avenue. The Seattle branch of the San Francisco Federal Reserve Bank and the branch of the Yokohama Specie Bank are also in this building.

**BANKER APPOINTED MEMBER PUBLIC  
SERVICE COMMISSION**

Mayor Woodman of Los Angeles has appointed John F. Andrews, vice-president of the Guaranty Trust and Savings Bank, a member of the Public Service Commission.

**AN IMPORTANT ACQUISITION**

An important addition to the Federal Reserve Bank on the Pacific coast is the Ladd & Tilton Bank of

**Accurate News of Pacific Northwest**

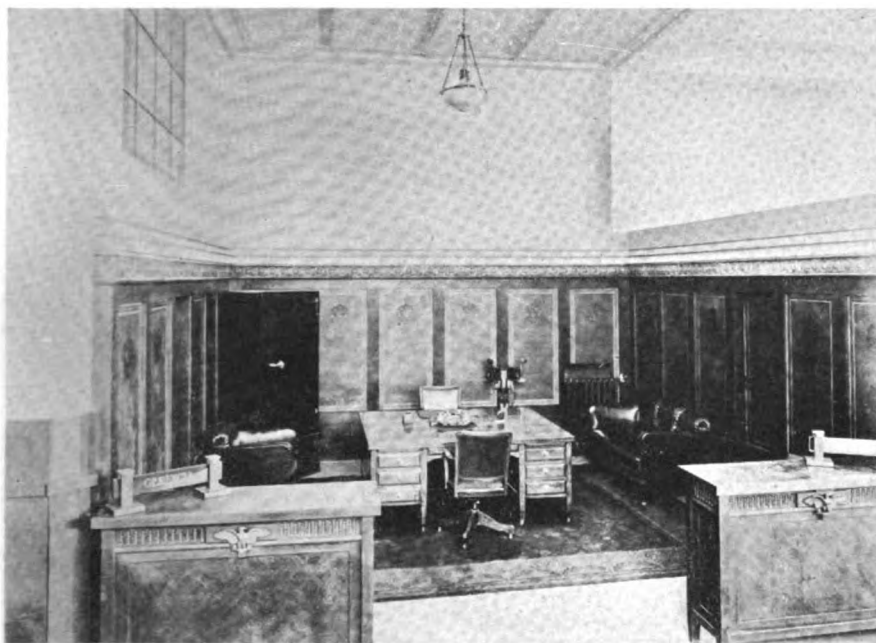
**Have You Business or Investment Interests  
in Washington, Oregon, Montana, Idaho,  
Alaska or British Columbia?**

The authoritative commercial and financial publication of this section is **BUSINESS CHRONICLE OF THE PACIFIC NORTHWEST** issued every Saturday Morning. It tells what you need to know of banking, investments, lumber, fish, apples, agricultural products, mining, foreign trade, railway and marine transportation, commercial and business affairs generally, and analyzes current progress and development. You may rely upon what you see in its columns.

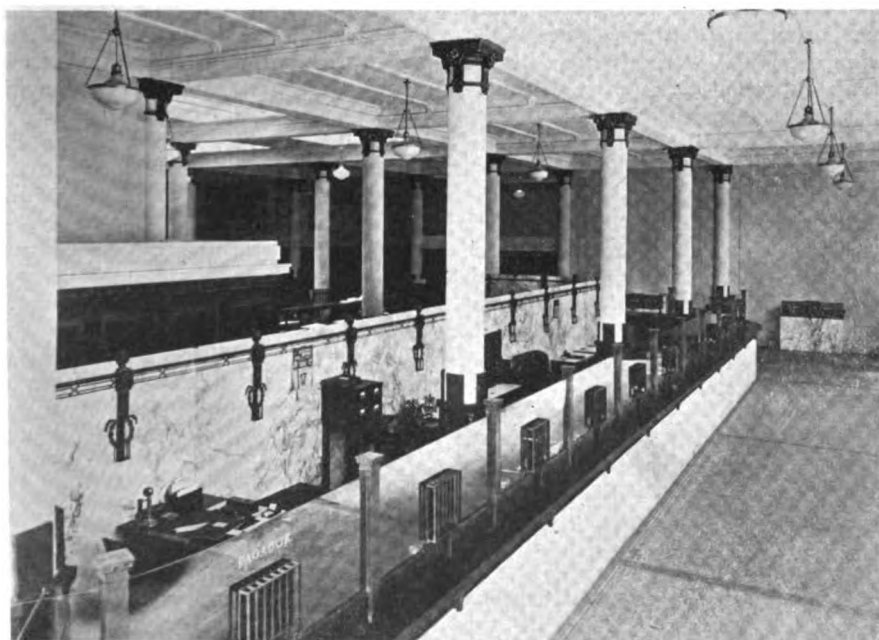
*Send for free sample copy. There is no paper like it anywhere.*

**BUSINESS CHRONICLE**

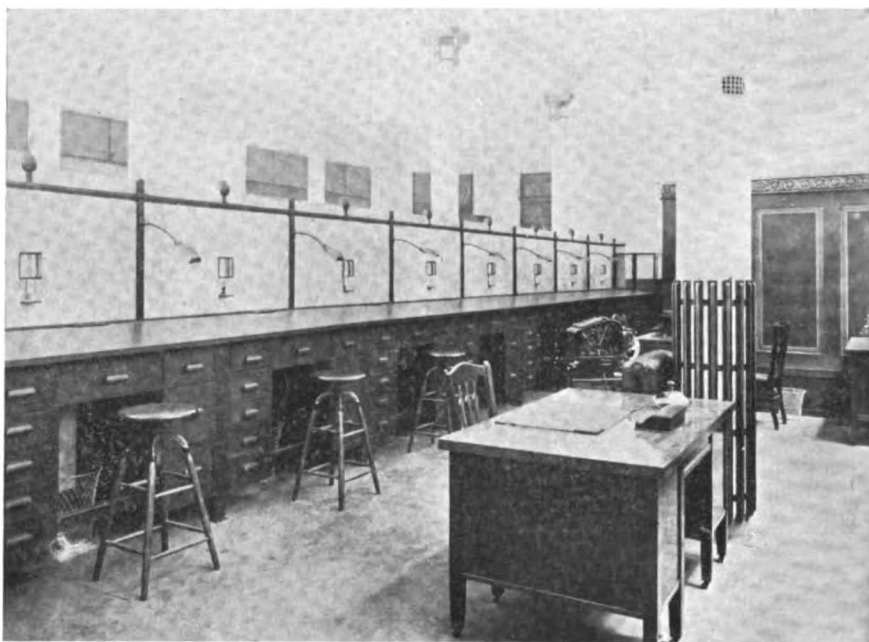
EDWIN SELVIN, Editor  
Alaska Building SEATTLE, U. S. A.



**The Manager's Office, Buenos Aires Branch, First National Bank of Boston**



**Paying and Receiving Tellers' Departments, Buenos Aires Branch, First National Bank of Boston**



Bookkeepers' Department, Buenos Aires Branch, First National Bank of Boston

This solid marble screen is directly behind the paying tellers. Balances and signatures are verified and checks entered on books before payment

of the bank, the new institution began actual operations on July 14. The opening functions were attended by the leading representatives of the American and British colonies in Buenos Aires, as well as the business community of the city.

The deposits for the first day of the opening totaled 5,180,000 pesos and, when these lines go to press, according to the last statement, the bank holds funds of 17,600,000 pesos, contributed by American, Argentine, British and French individuals, corporations and private firms.

Boston and New England at large may be considered one of the leading trading points between Argentina and the United States, and the establishment of this branch bank of a New England institution, based and conducted on principles of public service at all times, will serve to strengthen and increase trade relations with the

Argentine Republic. The branch office will be run as an adjunct of the American institution, and the favorable comments received from visitors returning from the Argentine express in highest terms the courtesy and business like, efficient attention received at the branch from the managing staff and its employees.

Trade opportunities are investigated by the branch as a part of its service to its local customers and for the full benefit of the trade of the New England States. This service is given freely, and the bank only enters the transactions, resulting from its recommendation, as a banker, and not as the principal or a factor in the merchandising.

It has developed a system and maintains its operations on lines analogous to those of the home office, which have proven to be effective and convenient equally to banks and the public.

# Banking and Financial Notes

AMERICAN BANKERS ASSOCIATION TO  
MEET IN CHICAGO, SEPTEMBER  
23-28, 1918

Following a careful investigation of hotel accommodations and convention facilities by General Secretary Fred E. Farnsworth of the American Bankers Association, acting under instructions of the administrative committee, the committee at an important meeting just held in New York city decided on Chicago as the place and the week of September 23, 1918, as the time, for the 44th annual convention of the association. At the recent convention in Atlantic City, the Executive Council voted to meet next year in Chicago, provided suitable arrangements could be made. In Chicago Colonel Farnsworth conferred with James B. Forgan and received assurances that the Chicago Clearing-House committee will meet in the near future and make a full selection of the numerous committees charged with the detail work, so that preparations for the great gathering may go forward at once. The Congress Hotel and Annex will be used as headquarters.

The administrative committee also received a report from the general secretary as to the availability of Hot Springs, Ark., for the next spring meeting of the Executive Council, and Colonel Farnsworth has recommended its selection with the Eastman Hotel as headquarters. The dates selected are April 22-24, 1918.

## AMERICAN TRADE ACCEPTANCE COUNCIL

Lewis E. Pierson, chairman of the board of the Irving National Bank, New York, in a recent address had this to say of the American Trade Acceptance Council:

This is the situation which the American Trade Acceptance Council presents to the business men and bankers of the United

States, requesting their fullest coöperation in securing for it serious and careful consideration.

Acting as it does in a solely representative capacity, the Council realizes that its success in this worthy movement will depend upon the nature of the support it receives from the business and financial activities of the nation in whose interest it has been created.

The Acceptance cause is a worthy one. In the present national emergency this method is destined to play a most important part—its national use will go far toward converting into active and usable form the immense value now unavailable because of the general existence of improper methods.

The obligation of the Council is to present the Trade Acceptance cause in such



*The Branch*  
Our first President

## Merchants National Bank

RICHMOND, VA.

Capital . . . . \$400,000  
Surplus and Profits over 1,000,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**

manner as to do fullest justice to its most substantial merit—that of business and financial interests is to extend complete coöperation to the end that there may be developed financial machinery which may properly supplement national effort in the all important task of winning the war.



**EDMUND S. WOLFE**  
Assistant Cashier, National City Bank, New York

#### NEW ASSISTANT CASHIERS OF NATIONAL CITY BANK

Two assistant cashiers have lately been added to the official staff of the National City Bank of New York—Edmund S. Wolfe and John Howard Holbrook.

Mr. Wolfe was born in Frederick, Md., September 6, 1883. His banking career began with the Traders National Bank of Washington, which bank he entered as a junior clerk. He later resigned from that bank to accept a position in the American National Bank of Washington, of which he was elected assistant cashier in 1907, which office he held continuously until 1912, in which year he was elected cashier of the District National Bank of Wash-

ington. Mr. Wolfe remained in this position until November 1, 1917, on which date he began his duties in The National City Bank of New York.

In addition to being an officer and a member of the board of directors of the District National Bank, he also assisted in the organization of the Farmers and Mechanics Bank, Seat Pleasant, Md., and of the Washington Mechanics Savings Bank, Washington, D. C., being a member of the board of directors of both the above banks. For the past three years he has been secretary of the Bankers Association of the District of Columbia, and has traveled extensively, attending state conventions, and representing the District of Columbia at the American Bankers'



**JOHN HOWARD HOLBROOK**  
Assistant Cashier, National City Bank, New York

Association conventions. Mr. Wolfe is also well known in the American Institute of Banking. He was one of the organizers of Washington Chapter, serving as chairman on many important committees, as secretary and



# The Chemical National Bank of New York

(Established 1824)

**Capital, Surplus and Undivided Profits, \$11,500,000**

## A Service to Banks

Weighty problems involving questions of finance and business, unknown before the war, now frequently present themselves for solution, demanding quick decisions based on accurate judgment.

In order to meet these conditions, our functions have been enlarged to include a Service which, upon request, acts in advisory capacity to Banks and Bankers.

Interest paid on Balances of Banks, Time  
Deposits and Special and Reserve Accounts.

### Correspondence solicited

H. K. Twitchell, President  
Percy H. Johnston, Vice-President  
Francis Halpin, Vice-President  
I. B. Hopper, Vice-President  
E. H. Smith, Cashier

James L. Parson, Assistant Cashier  
J. G. Schmelzel, Assistant Cashier  
John B. Dodd, Assistant Cashier  
Samuel T. Jones, Assistant Cashier  
H. M. Rogers, Mgr. Foreign Dept.

### DIRECTORS

Frederic W. Stevens  
W. Emilen Roosevelt  
Robert Walton Goelet

Charles Cheney  
Arthur Iselin  
Frederic A. Juillhard

Ridley Watts  
Herbert K. Twitchell  
Percy H. Johnston

later as president. He is a graduate of the institute and has always been active in its educational activities. He has also attended many conventions of this organization.

Mr. Wolfe is a member of the board of directors and the finance committee of the Young Men's Christian Association in Washington and a member of the Delta Tau Delta and Phi Delta Phi fraternities.

In his new position he will be in charge of all the bank's business emanating from the Federal Reserve District of Cleveland.

Mr. Holbrook was born in Illinois. In 1904, through his acquaintance with Mr. Vanderlip, he became connected with the National City Bank of New York, and spent nearly two years in various kinds of work in the bond department. At that time, the Ridgely National Bank of Springfield, Ill., desired to increase its official staff.

Through his friends in the National City Bank, Mr. Holbrook was brought to their attention and was made the active vice-president of that bank on October 1, 1905, and remained there until October 1, 1917. During this period, the bank was moved from the building it had occupied for fifty years into new quarters and the deposits were more than tripled.

In Springfield Mr. Holbrook was active in civic affairs. His work as vice-president of the Commercial Association and chairman of its industrial committee made him many friends among the business men. He was treasurer of the Red Cross War Fund, member of the Liberty Loan committee, chairman of the committee on city finances, and treasurer of the Springfield Survey.

The work assigned to Mr. Holbrook in the National City Bank is in Federal Reserve Districts 7 and 9.

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$800,000

## OFFICERS

JULIAN P. FAIRCHILD,  
WILLIAM HARKNESS,  
D. W. McWILLIAMS,  
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

*Vice-Presidents*

THOMAS BLAKE, *Secretary*  
HOWARD D. JOOST, *Assistant Secretary*  
J. NORMAN CARPENTER, *Trust Officer*  
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

NEW ASSISTANT SECRETARY, METROPOLITAN TRUST CO.

Irwin G. Jennings, recently elected an assistant secretary of the Metropolitan Trust Co., New York, began



IRWIN G. JENNINGS

New Assistant Secretary, Metropolitan Trust Co.,  
New York

his financial career two years ago when he became manager of the company's new business department. Though short in point of years, his banking career has been one of achievement in introducing constructive methods

and organization in his department and in building up business. After taking his law and master of arts degrees at a prominent middle western university, he held several important executive positions in the commercial world. He was secretary of one of New York City's largest milk distribution concerns when he left to become new business manager for the Metropolitan Trust Co. Mr. Jennings is also interested in educational reform work and in the problems of municipal government.

## THE WORLD'S SUGAR SUPPLY

The National Bank of Commerce, New York, has issued a timely pamphlet on "The World's Sugar Supply: Its Sources and Distribution." A careful analysis is presented of the production of cane and beet sugar. Those countries are indicated which are the chief exporters of the two kinds of sugar in daily use and an analysis is made of the factors affecting the great consuming nations, which are now chiefly involved in the sugar shortage, namely, France, Great Britain and the United States. It comes to the reader with a sense of surprise when he discovers that 300 years ago the great mass of the people had scarcely tasted sugar, while for the rich it was the rarest of luxuries. The following facts will prove interesting:

The total sugar production of the world has increased from 1,288,000 tons in 1840 to an average a little in excess of 19,000,000

**"The Bank That Service Built"**

**THE**

# **SEABOARD NATIONAL BANK**

**OF THE CITY OF NEW YORK**

<b>Capital</b>	<b>\$1,000,000</b>
<b>Surplus and Profits (Earned)</b>	<b>3,424,026</b>
<b>Deposits</b>	<b>63,838,000</b>

<p style="text-align: center;"><b>S. G. BAYNE, President</b></p> <p><b>C. C. THOMPSON, Vice-President</b>  <b>B. L. GILL, Vice-President</b>  <b>W. K. CLEVERLEY, Vice-President</b>  <b>L. N. DeVAUSNEY, Vice-President</b>  <b>H. W. DONOVAN, Cashier</b></p>	<p style="text-align: center;"><b>O. M. JEFFERDS, Asst. Cashier</b>  <b>C. C. FISHER, Asst. Cashier</b>  <b>J. D. SMITH, Asst. Cashier</b>  <b>B. L. DADSON, Asst. Cashier</b>  <b>J. E. ORR, Asst. Cashier</b></p>
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**DIRECTORS**

<p><b>SAMUEL G. BAYNE</b>  <b>WILLIAM K. CLEVERLEY</b>  <b>EDWARD J. CORNISH</b>  <b>MICHAEL J. DEGNON</b></p>	<p><b>HENRY C. FOLGER</b>  <b>BENNETT L. GILL</b>  <b>EDW. H. R. GREEN</b>  <b>PETER McDONNELL</b></p>	<p><b>STUART G. NELSON</b>  <b>JOSEPH SEEP</b>  <b>CHARLES C. THOMPSON</b>  <b>WILLIAM H. WOODIN</b></p>
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**The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all**

**ACCOUNTS INVITED**

tons for the four years from 1914-15 to 1917-18 inclusive. The sugar of ordinary domestic consumption was first produced exclusively from the sugar cane which is a native of the tropics and which does not flourish profitably outside of a sub-tropical climate. The presence of the same kind of sugar that is found in the sugar cane was discovered in the root of the beet as late as 1747. Beet sugar became of commercial importance early in the nineteenth century. It increased rapidly in importance until during the ten years from 1889-90 to 1898-99 it constituted three-fifths of the world's supply. One of the most dramatic races of history is that which took place between beet and cane sugar. Cane sugar has apparently won the victory, for in the five years from 1909-10 to 1913-14 just preceding the outbreak of the war it constituted fifty-five per cent. of the world's product. Cane sugar production has increased from a little less than 7,700,000 ton in 1904-05 to an estimated crop of about 13,475,000 tons for the year 1917-18.

The United States is the heaviest sugar consumer of the world, our average consumption for the five years 1908-09 to 1912-13 being 3,797,610 tons per year. The United Kingdom is second, having averaged a consumption for the same period of a little over 2,000,000 tons per year. Russia

is third and Germany and France follow as to total quantity consumed.

The present shortage in the sugar supply is temporary and will be relieved as soon as the new crop begins to arrive. The crops for each of the three years since the war has been in full swing, 1915-16, 1916-17 and 1917-18 (estimated), approximate the average for the five years preceding the war, in round numbers 18,500,000 tons. It is true that this figure represents a decline of about 2,000,000 tons below the production for the three crop years 1912-13, 1913-14 and 1914-15. However, these were record breaking years representing the world's maximum production. Cane sugar production has increased since the outbreak of the war by more than 2,000,000 tons over the pre-war five year average, and this has partially offset the loss in beet sugar production due to war conditions.

**TRADE AND THE WAR**

G. A. O'Reilly, foreign trade representative of the Irving National Bank, New York, addressed the Cleveland Advertising Club, December 12 on the subject of "Trade and the War." The



## 100 YEARS OF COMMERCIAL BANKING

**LOUIS G. KAUFMAN**  
President

**FRANK J. HEANEY**  
Vice President  
**WILLIAM H. STRAWN**  
Vice-President  
**NORBORNE P. GATLING**  
Vice-President  
**H. A. CLINKUNBROOMER**  
Vice-President  
**ROLFE E. BOLLING**  
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**WALLACE T. PERKINS**  
Vice-President  
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Asst. Cashier  
**VINTON M. NORRIS**  
Asst. Cashier

**RICHARD H. HIGGINS**  
Vice-President  
**BERT L. HASKINS**  
Vice-Pres. and Cashier  
**C. STANLEY MITCHELL**  
Vice-President  
**MAX MARKELL**  
Vice-President  
**GEORGE R. BAKER**  
Vice-President  
**HENRY L. CADMUS**  
Asst. Cashier  
**HENRY C. HOOLEY**  
Asst. Cashier  
**JOSEPH BROWN**  
Asst. Cashier

**GEORGE M. HARD**  
Chairman

### ACCOUNTS INVITED

**Resources One Hundred and Three Million Dollars**

following is typical of the spirit of the address:

But, while plans for the trade of the future must be built upon knowledge which only the developments of the future can bring, we at least can build in the present so strongly as to provide against whatever dangers may come.

We can insist upon intensive national production—can teach our wasteful nation the true meaning of economy—can destroy the fictions which have arrayed class against class and interest against interest in such a way as practically to classify effective united national effort among the lost arts. We can eliminate the unscientific and wasteful business method which in the past have borne so unfavorably upon the effectiveness of national resources. We can force into the consciousness of those in national government the realization that their proper representation is of the nation and of the national interest, and not of some purely local privilege or fiction or prejudice.

And, most important of all, we can so deport ourselves during the war as to make its winning serve most fully the great purpose it expresses—namely, to live more safely, more effectively, and more honorably afterwards.

**NEW ASSISTANT MANAGER INDUSTRIAL TRUST CO.**

On account of the expansion and steadily increasing activity of the Pawtucket branch of the Industrial Trust Co. of Providence, Chester A. Moffett has been appointed assistant manager of the branch, of which John N. Eaton

is manager. Mr. Moffett was formerly in charge of the savings department.

### PROGRESS OF THE SCANDINAVIAN TRUST CO.

Much interest attaches to the first official statement of the Scandinavian Trust Co., New York. The company began business June 11, 1917, and as shown below the statement as of date of November 14, 1917, reports total assets of nearly \$17,000,000. The condensed figures are as follows:

ASSETS	
Loans and discounts.....	\$10,837,585.27
Bonds and securities.....	3,164,937.66
Cash on hand and in banks..	2,698,297.72
Accrued interest and accounts receivable .....	36,706.86
Customers' liabilities under letters of credit and acceptances, etc. ....	206,800.00
<b>Total .....</b>	<b>\$16,944,327.51</b>
LIABILITIES	
Capital .....	\$1,000,000.00
Surplus and undivided profits .....	1,579,862.80
Reserve for unearned interest, taxes, etc. ....	109,958.95
Accrued interest payable...	27,905.72
Deposits .....	14,019,800.04
Letters of credit and acceptances .....	206,800.00
<b>Total .....</b>	<b>\$16,944,327.51</b>

## Service

The Citizens National Bank of New York for sixty-six years has specialized in accounts of merchants, and is located in the heart of the district where the largest part of New York's mercantile business is transacted.

We are thoroughly equipped to render the best of service to correspondent banks covering their requirements of every nature in New York.

### THE CITIZENS NATIONAL BANK OF NEW YORK

Capital, Surplus and Undivided Profits \$5,000,000

EDWIN S. SCHENCK, President

FRANCIS M. BACON, JR., Vice-Pres.

ALBION K. CHAPMAN, Cashier

JAMES MCALLISTER, Asst. Cashier

GARRARD COMLY, Vice-Pres.

JESSE M. SMITH, Asst. Cashier

WILLIAM M. HAINES, Asst. Cashier

Alexander V. Ostrom is president, and B. E. Smythe vice-president of the institution and the board of directors is made up of influential representatives of important concerns here and abroad. The company is a member of the Federal Reserve Bank of New York.

#### A CAMPAIGN OF EDUCATION IN THE USE OF ACCEPTANCES

Strong efforts are being made to bring trade acceptances into active use in the financing of commercial undertakings by bankers and merchants who desire to see fuller recourse made to the facilities of the Federal Reserve Bank. While a formal organization for the purpose has not yet been perfected, it is learned that individual steps have been taken to enlist a number of the larger corporations in the movement. Sponsors of the undertaking are working on the premise that so far the trade acceptance has been availed of by smaller firms and busi-

ness houses, while too little attention has been directed toward enlisting big manufacturers.

The trade acceptance enables the buyer to get time—credit—in paying for his goods. He gets time on the "open account" method of buying, but when he accepts a bill drawn upon him by the seller he is bound to a definite date—ninety days, for instance—from the issue of the bill, when he must meet the paper. The champions of a broad use of trade acceptances state that the fact that the bill must be met at a specified time is a stimulant to the acceptor and makes the acceptance method preferable to the open account.

The average manufacturer seeks to discount his bills as soon as they are presented, if he is in position to do so. This requires the use of cash, and the bankers back of the movement to promote the use of the trade acceptance are taking as their chief argument the ground that during the war credit facilities should be availed of wherever

# National Bank of Commerce in New York

**PRESIDENT**  
**JAMES S. ALEXANDER**

**VICE-PRESIDENTS**  
R. G. HUTCHINS, Jr.  
HERBERT F. HOWELL  
J. HOWARD ARDREY  
STEVENSON E. WARD  
JOHN E. ROVENSKY  
GUY EMERSON  
FARIS R. RUSSELL  
LOUIS A. KEIDEL

**CASHIER**  
**RICHARD W. SAUNDERS**



**AUDITOR**  
**A. F. JOHNSON**

**ASSISTANT CASHIERS**

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WILLIAM M. ST. JOHN  
A. F. MAXWELL  
JOHN J. KEENAN  
GASTON L. GHEGAN  
A. F. BRODERICK  
EVERETT E. RISLEY  
H. F. BARRAND  
H. W. SCHRADER  
R. E. STACK  
L. P. CHRISTENSON

**MANAGER FOREIGN DEPARTMENT**  
**FRANZ MEYER**

**CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000**

possible, leaving cash payments for cases where they are absolutely necessary. It is asserted that at a time when the strain upon money is so great merchants should buy on credit and use the proceeds from the sale of the goods so bought to meet their acceptances on the due date several months later.

## WAR WORKSHOPS FIRST

Addressing the Bankers Club for the purpose of explaining to the bankers the work which the National War Savings committee is doing and to ask their coöperation in raising \$2,000,000,000 through the sale of war savings stamps, Frank A. Vanderlip said:

There are three things you can do with a dollar: You can hoard it, invest it, or spend it. To hoard a dollar is to make it idle and unemployed. A dollar which is not working is almost as much a drain on society as an idle man. A hoarded dollar at this time of war crisis is a slacker. Still worse, however, is the dollar which is spent for a useless purpose. Such a dollar is an active factor to prevent our winning the war. It is a traitor dollar because the labor of men and women is employed needlessly to make useless things at a time when the Government needs that labor to make things that are essential for our soldiers in winning the war. Every person must, therefore, stop and consider, before spending each dollar, whether the expenditure will contribute to our defeat or will help toward victory. Time is an essential thing in warfare. Our American soldiers need a vast amount of equipment. The

equipment for our great army cannot be produced quickly unless the government has a clear track in every workshop and unless the Government is amply supplied with labor. When you hire a man to produce for you an unnecessary article you are competing with the Government for that man's labor. You are helping to make ineffective the work of our American soldiers. You are paying to make our soldiers inefficient.

## POSTPONING UNNECESSARY WORK

The American Exchange National Bank, New York, in its December letter has this to say on the deferring of public improvements:

Would it not be well to add to the appeals to individuals, to abstain from eating wheat bread, meat, sugar and from all forms of waste, one addressed to Congress, state legislatures, municipal councils and other public bodies to abstain from unnecessary public improvement. Let us defer the construction of public works, when possible, so that labor may be freed for war purposes. Steel, timber, and other materials now in scarce supply could thus be diverted to the more pressing need of the nation. We can dispense with new post-offices, court houses and many other public improvements until peace is restored. It is even more necessary to economize in labor, material and transportation than in the spending of money.

**VICE-PRESIDENT METROPOLITAN TRUST CO.**

The directors of the Metropolitan Trust Co., New York, have elected Roger P. Kavanagh, manager of the

**O**UR *aims are to be conservative and yet quickly responsive to the unusual needs of the times.*

## ATLANTIC NATIONAL BANK

257 Broadway, New York

RESOURCES



\$20,000,000

Fifth Avenue branch since its establishment in 1916, as a vice-president, and have chosen as trust officer Jacob C. Klinck, of Brooklyn, who was an active officer of the company up to a few years ago when he retired to enter the real estate business. Clarence Klinck, formerly paying teller, has been made an assistant treasurer, and L. P. Hosmer and I. G. Jennings have been chosen assistant secretaries.

### BANKS OF NEW YORK CITY SHOW WEALTH OF SEVEN BILLION

The resources of the 129 commercial banks in the City of New York aggregate \$7,622,726,100, according to compilations made by the Clearing House Association from reports furnished to the Controller of the Currency and to the State Superintendent of Banks in response to calls for statements of condition. The reports of 51 national banks are as of Nov. 20, while the reports of the 32 trust companies and the

46 State banks are as of Nov. 14. Compared with the statement of condition issued five weeks previously (Sept. 11 for nationals and Sept. 8 for State banks) the aggregate resources show an expansion of more than a billion dollars, the exact figure being \$1,071,306,100. The increase in deposits for the period amounts to \$807,000,000, the aggregate deposits of the 129 banking institutions amounting to \$6,339,199,900. The increase in loans and discounts was \$43,467,200, the total being \$3,538,876,300.

The increase in deposits and resources is primarily due to Government war financing, and is particularly marked in the case of the national banks, whose reports, dated November 20, were following the heavy Liberty Loan payments made on November 15. The national banks show Government deposits in excess of \$620,000,000, the same being an increase of more than a half billion, compared with figures on September 11.

# Permit Us To Handle Your Buffalo Business

## Citizens Commercial Trust Company

**Capital and Surplus - \$2,500,000.00**

**Resources - - - 19,000,000.00**

**MEMBER FEDERAL RESERVE SYSTEM**

The following table gives the resources of the three classes of banks on the two dates:

	November.	September.
51 national ..	\$4,153,807,500	\$3,401,704,600
32 trust co.'s.	2,786,204,600	2,556,271,200
46 state banks.	682,714,000	593,444,200
<hr/>		
129 banks ....	\$7,622,726,100	\$6,551,420,000

The 129 banks have an aggregate capital of \$244,926,600, and surplus and undivided profits amounting to \$427,871,500, making a total of \$672,798,100.

### WAR EXCESS PROFITS TAXES

The American Exchange National Bank, New York, has issued a pamphlet of constructive suggestions as to the amendment of the War Revenue Law, by Benj. G. Paskus, of the New York Bar. The pamphlet shows in a really constructive way the various inequalities of the law and the necessity of changes in its provisions.

### TO ASSIST FEDERAL RESERVE BOARD

A division to supervise foreign exchange has been created by order of the Federal Reserve Board, Frederick I. Kent, of the Bankers Trust Co. of New York, will have charge of the new work, and for this purpose he is expected to come to Washington. Making this announcement, the Reserve Board said:

"The Federal Reserve Board, having been charged with the duty of in-

vestigating, supervising and authorizing foreign exchange transactions, has established for this purpose an office in Washington and has invited Frederick I. Kent, of New York, to advise and assist it in this work.

"Mr. Kent has agreed to serve and will assume the responsibilities of his office on Wednesday, December 5.

"Mr. Kent has received leave of absence from the Bankers Trust Co. of New York, of which he is a vice-president, for the period of his connection with the Federal Reserve Board."

### EXTRA COMPENSATION TO EMPLOYEES

Most of the important banks of New York have granted their employees extra compensation, amounting to ten per cent. or more of their regular salaries, to meet higher living costs and as a recognition of extra services cheerfully rendered during a very busy year.

G. W. MCGARRAH AND THE A. I. B.

Gates W. McGarrah, president of the Mechanics and Metals National Bank, and chairman of the advisory board of New York Chapter, believes thoroughly in the American Institute of Banking. In a letter to A. F. Maxwell, the retiring president, he says:

The American Institute of Banking is taking a more and more vital place in the lives of our younger generation of bank men, upon all of whom I would urge most emphatically at this time the need of gaining the utmost the Institute has to offer.

The present-day demand for trained minds is so fundamental, particularly in the banking field, that one who is ambitious to get ahead cannot let go by a single opportunity to learn.

Mental development is an absolute requisite; trained minds are guiding America's destinies to-day. There never was a time when men having a practical knowledge of affairs were so essential to the welfare of the nation. The business of banking has developed in the past few years in a notable way—perhaps there is no other business in which growth has been so dramatic. Under the circumstances, then, it behooves those who would be our bankers of to-morrow to keep fully abreast of the progress that is being made to-day. I know of no better way by which they can do this than by becoming active members of the American Institute of Banking.

#### GUARANTY TRUST NEWS

Stuart H. Patterson has been appointed comptroller of the Guaranty Trust Co. of New York, a newly-created office. Mr. Patterson has had a varied business career and was at one time at the head of the accounting firm of Patterson, Teele and Dennis, from which he withdrew to enter the bond business. He has been associated with the Guaranty Trust Co. since 1911.

Harold F. Greene, formerly sales manager for E. H. Rollins & Sons, has been appointed general sales manager of the bond department of the Guaranty Trust Co.

For practical patriotic reasons the Guaranty Club of New York comprising 1,600 employees of the Guaranty Trust Co., will not give its annual banquet this year. The approximate \$8,000 which this would have cost will be devoted to the Red Cross and other war relief work.

#### 38 BANK MEN ENLISTED

In the current number of the *M. and M. Journal*, an organ published by the clerks of the Mechanics and Metals National Bank, New York, appears an honor roll containing the names of thirty-eight of the bank's staff who have gone to war. The clerks of the bank have contributed more than \$300 to send Christmas boxes to each of the

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**E. J. NEWELL, Vice-Pres.**  
**HOWARD BISSELL, Cashier**  
**C. G. FEIL, Asst. Cashier**  
**A. J. ALLARD, Asst. Cashier**  
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is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

*Send for our booklet*

**"The Transfer of Reserves  
To Federal Reserve Banks"**

## THE Philadelphia National Bank

(ORGANIZED 1863)

enlisted men. These boxes will contain sweaters, helmets, shaving material, tobacco, cake and candy.

### A SATISFACTORY START

The Mercantile Trust and Deposit Co., which opened for business at 115 Broadway, New York, last May, completed its first six months with deposits of nearly \$7,500,000 and aggregate resources of over \$9,000,000.

### PHILIPPINE NATIONAL BANK BONUS

The New York agency of the Philippine National Bank, in conformity with its main office and other branches, has distributed to its employees bonuses ranging from two to six per cent. of their annual salaries, according to the length of service.

### NEW HARRIMAN CASHIER

Orlando H. Harriman has been elected cashier of the Harriman Na-

tional Bank, New York, to succeed John A. Noble, who becomes vice-president.

### APPOINTED WAR LOAN DIRECTOR

Lewis B. Franklin of New York, former president of the Investment Bankers Association, has been appointed by Secretary McAdoo director of war loan organization for the Treasury. He has been serving as a voluntary aid without compensation since the first Liberty Loan was issued, and will continue on the same basis.

### A MANAGEMENT DEPARTMENT

In a recent issue the Old Colony News Letter described a new department which, according to that publication, has become a vital part of the Old Colony Trust Co. of Boston.

The primary work of this department, which is called the Management Department, is the study of office prob-



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**UNION  
NATIONAL  
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**PHILADELPHIA**

Resources over  
**\$13,000,000**

lems, the consideration of and adaptation of ideas, suggestions, and methods which will improve the working details of the organization, to the end that better service may be rendered to the company's clients.

Not only does this department study methods, plans, and the machinery of operation, but it is also keenly interested in the problems of employment and the work of the employee. It acts as an employment bureau, it keeps records of the work of each employee, it considers salaries and bonuses, and in general, is a clearing house for all questions relating to the betterment of operating conditions.

The management department realizes the part which every employee plays in the process of operation, and is constantly on the alert to improve those processes and the working conditions of everyone. The department wants all the company's employees to feel that they are a part of it, and desires them to cooperate with its work

by submitting ideas and reporting time-saving and labor-saving devices, to the end that the work may be more and more efficiently and economically handled.

Commenting on the work of this department, the News Letter goes on to say:

"Our institution is pioneering in this work, and so far, the results have been more than satisfactory. No one doubts that greater work can be accomplished if everyone, having the real interests of the company in mind, will get behind and *push*.

"The management department will cordially receive your suggestions and your help, and you yourself will get more joy out of your daily tasks for having submitted your "bit" in the work which all of us should be primarily interested in, namely, that of rendering more and better service. Help to keep our company's name in the front rank!"

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PROVIDENCE, R. I.

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SAMUEL M. NICHOLSON . . . . .	Vice-President
WARD E. SMITH . . . . .	Treasurer
HENRY B. CONGDON . . . . .	Secretary
J. CUNLIFFE BULLOCK . . . . .	Trust Officer
ELMER F. SEABURY . . . . .	Assistant Treasurer
HARRY C. OWEN . . . . .	Assistant Secretary
HENRY C. JACKSON . . . . .	Assistant Secretary

## GOVERNOR BOSTON FEDERAL RESERVE BANK

Charles A. Morss has been elected president of the Boston Federal Reserve Bank, to succeed Alfred L. Aiken, who becomes president of the National Shawmut Bank.

## CHANGE AT NATIONAL UNION BANK

Hubbard B. Mansfield has been appointed assistant cashier of the National Union Bank of Boston, succeeding John W. Marno, resigned, who has taken service in the United States Navy.

## SAVINGS BANK LIFE INSURANCE IN MASSACHUSETTS

The state-aided system of savings bank life insurance in Massachusetts has more than \$8,000,000 insurance in force, on lives of more than 17,000 persons resident in the state. Premium income for the year exceeded \$261,000. The largest "group" policy covering insurance on lives of all employees ever written by any savings bank has just been applied for by Rice & Hutchins, Incorporated, shoe manufacturers. This policy will cover the lives of more than 2,600 persons, and insurance will exceed \$1,000,000.

## INTERNATIONAL TRUST CO., BOSTON

Roland O. Lamb, president of the John Hancock Mutual Life Insurance Co., Boston, has been elected a direc-

tor of the International Trust Co. The latter company in its latest statement shows assets of \$23,751,420 in its banking department, \$3,021,487 in the savings department, and \$1,573,744 in the trust department, a total of over \$28,000,000.

## NEW BOSTON BANK OFFICIAL

Frank E. White, an authority on bank credits, has become associated with the Beacon Trust Co., Boston, as manager of its credit department.

## NEW BANK IN WOBURN, MASS.

The Tanners National Bank has recently been organized at Woburn, Mass., and has resources of about \$350,000. The officers are: Walter H. Wilcox, president; Winslow P. Burhoe of Boston, vice-president and

## United States Corporation Company

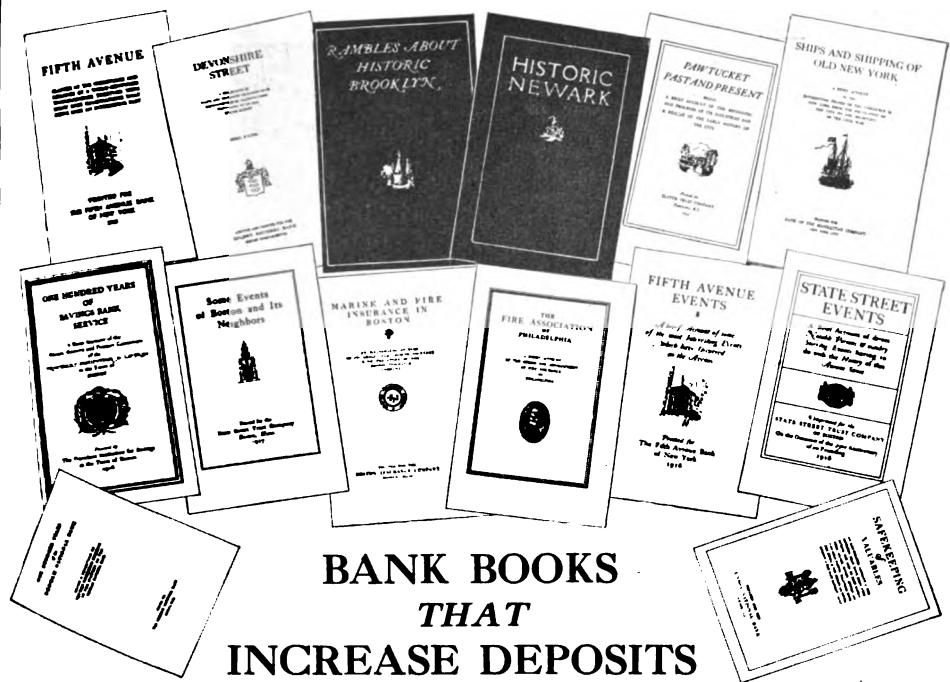
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## BANK BOOKS THAT INCREASE DEPOSITS

We specialize in the writing, designing and printing of distinctive announcement books. The State Street Trust Company of Boston has issued annually for the past twelve years some historic book relating to Boston, and found it of great value in creating good will for the bank, as well as in helping it to get deposits. To commemorate its fortieth anniversary, the Fifth Avenue Bank of New York gave us a commission to write and print for it a story of Fifth Avenue. So successful was this that another was issued entitled "Fifth Avenue Events."

On the occasion of the 250th anniversary of the settlement of Newark, the Fidelity Trust Company of Newark issued a book which we prepared on "Historic Newark." "Pawtucket—Past and Present," a story of the industrial beginning and development of Pawtucket, was issued by the Slater Trust Company to create good will. The State Street Trust Company distributed a book which we had prepared on "State Street Events," to commemorate its 25th anniversary. When the Provident Institution for Savings desired to commemorate its 100th anniversary, we prepared for it a resumé of

the changes in Boston during the past 100 years as a background for the history of the bank. We have also prepared books for the Bank of the Manhattan Company and the Brooklyn Trust Company of New York, the Second National Bank of Boston, and the Dedham National Bank of Dedham, Mass.

If you have an anniversary or a special event which you desire to commemorate, or wish to create good will for your institution, let us prepare and print for you an historic book relating to your town, your street, or yourself. Our books go into the library and are talked about.

We are now issuing a book entitled "The Safekeeping of Valuables," of which the State Street Trust Company of Boston and the Union National Bank of Newark, New Jersey, have used editions with their imprint. In other centres, banks which have safe-deposit vaults will find it of value, not only in selling deposit boxes, but in calling attention to the advantage of doing business with the bank or trust company. We still have a few sample copies, and while the edition lasts we shall be glad to send you one and quote you prices on an edition of not less than 500, which shall bear your imprint.

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BOSTON, MASSACHUSETTS



INTERIOR OF BANKING ROOM. NORTHAMPTON INSTITUTION FOR SAVINGS, NORTHAMPTON, MASS. A MODERN BANK BUILDING RECENTLY COMPLETED FROM PLANS BY

**THOMAS M. JAMES**  
ARCHITECT

185 DEVONSHIRE STREET.

BOSTON, MASS.

Savings Bank, Los Angeles, as messenger in 1904, has been made assistant secretary of that institution, an opportune appointment, as assistant secretary W. D. Otis has joined the colors. Twelve members of the Security staff are now in the army.

#### ANNUAL MEETING OF THE MOLSONS BANK

The annual report of the Molsons Bank (head office Montreal) for the year ending September 29, 1917, presented at the 62d annual meeting of the stockholders held on November 5, shows net profits of \$615,514, an increase of \$33,158 over the previous year. During the period covered earnings were fifteen and 4-tenths per cent. on the \$4,000,000 capital, against fourteen and six-tenths per cent. in 1916, and thirteen and nine-tenths per cent. in 1915. The total amount available for distribution was \$743,134 (including \$127,619, balance from the previous year); \$440,000 was paid in dividends, \$40,000 was applied to war tax, \$21,308 to pension fund, \$15,000 to patriot funds, \$75,000 was set aside as a reserve for depreciation of bonds and \$151,826 was carried forward. The bank has a reserve account of \$4,800,000. On September 29 the in-

### RAYMOND G. HOPPER

Vice-Pres., The American Banker, 1910-16

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Acts as ad-visor. Prospectus writing undertaken.

stitution had demand and notice deposits of \$48,417,972, against \$45,744,422 on September 30, 1916, and aggregate resources of \$65,780,218, against \$60,124,104 in 1916.

#### MERCHANTS BANK OF CANADA

The recently submitted annual statement of the Merchants Bank of Canada as of October 31, 1917, shows total deposits of over \$100,000,000 with total assets of \$130,568,641.

#### CANADIAN BANK OF COMMERCE

For the year ending Nov. 30 the Canadian Bank of Commerce presents the following results:

Net profits for year after providing for bad and doubtful debts.....	\$2,637,555.43
Brought forward from previous year.....	802,319.09
Total .....	\$3,439,874.52

Dividends at the rate of ten per cent. per annum absorbed \$1,500,000 and two bonuses of one per cent. each \$300,000; \$150,000 went to war tax on note circulation; the pension fund got \$85,000, and various public funds \$72,800, leaving a balance of \$1,332,074.52 to be carried forward.

Deposits of the bank on Nov. 30, 1917, were \$276,425,654.41. The real account on this date was \$13,500,000, and balance of profits \$1,332,074.52, and the capital, \$15,000,000. The total of the balance-sheet was \$344,375,232.64, the largest which the bank has ever reported. Besides the head office at Toronto, the Canadian Bank of Commerce operates 350 branches.

In reviewing business conditions in Canada the bank says that the removal of any uncertainty as to the continued financing of orders for munitions from the Allies by the unexpectedly large response to the Victory Loan appeal cannot fail to establish confidence in the industrial outlook. In all classes of industry there appears to be an abundance of orders, a condition which, the

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bank thinks, will continue for some time. The extension of output, however, is still limited by lack of labor and material, but there seems to be a substantial gain in volume. The home demand, it is said, is being met by domestic products to a greater extent than formerly.

"The Postal Census of Manufacturers in 1915, a summary of which was made public earlier in the year, has just been issued and shows that the increase in the value of manufactured products between 1905 and 1915 was 18.58 per cent., or from \$1,165,000,000 to \$1,381,000,000," remarks the Canadian Bank of Commerce. "In the earlier part of 1915, however, there was a falling off, followed later on in the year by a decided increase in activity, due to the placing of war orders. From the closing months of 1915 to the present time, there has been no cessation of



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Guaranty Trust Company	- - - -	"
Metropolitan Life Insurance Company	- - - -	"
Sixty Liberty Street Corporation	- - - -	"
Rhode Island Hospital Trust Company		Providence, R. I.

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NEW YORK CITY

this activity, nor has there been any check to the advance in prices and in wages. Meanwhile, many new plants have been built and existing plants extended, in order to meet the extraordinary demand, with the result that the output to-day must be very greatly in excess of that of previous years. In the fiscal year ended March last, the exports of manufacturers were valued at \$477,399,676, as compared with \$85,539,501 in 1915. For the seven months ended October last, the value was \$120,380,372, or only \$50,000,000 less than for the whole of the previous twelve months."

#### NEW BANK EXAMINER, STATE OF WASHINGTON

W. E. Hanson, State Bank Examiner of the State of Washington, resigned on January 1 and was succeeded by Louis H. Moore, who had been a deputy examiner for some eighteen months.

Mr. Hanson has become assistant to

the president of the Scandinavian American Bank at Seattle.

#### WASHINGTON STATE BANKS AND BUSINESS CONDITIONS

Report of condition of 276 state banks and nine trust companies of the State of Washington, at the close of business November 20, 1917, as compared with 279 state banks and nine trust companies reporting under date of November 17, 1916, shows an increase in resources from \$159,605,449.57 to \$177,526,836.61. Increase in deposits for this period is \$15,037,999.80. Overdrafts decreased from \$312,746.08 to \$161,952.80.

Business conditions of the state are very active and of a marked improvement over previous years.

Crops in grain sections are estimated at about sixty per cent. normal. Fruit sections report heavy crops and good prices. Lumber conditions are greatly improved, with high prices for all

products. The general demand for lumber, together with the shipbuilding industry that has sprung up in the coast section of the state, have placed the lumber industry in excellent condition.

Agricultural preparedness campaigns inaugurated by the Government and state have greatly improved agricultural conditions, which will result in the cultivation of more of the state's fertile soil permanently.

The benefits of thrift campaigns and lessons in economy are being reaped.

The legislature of 1917 passed a new bank code and the guaranty of deposits act. Both are considered superior to similar laws of other states.

The results of the war, thus far, have greatly benefited this state. Manufacturing and jobbing plants are coming to the western coast as a result of the war conditions and the State of

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**FRANK A. VANDERLIP ONCE WORE OVERALLS** and worked in a machine shop. He is today head of the greatest National Bank in the United States.

**GEORGE F. BAKER**, the silent master of billions started in life as a grocery boy.

**HENRY P. DAVISON**, of J. P. Morgan & Co., when a bank clerk used to ride on a bicycle 10 miles to save carfare.

**HOW DID THEY SUCCEED?  
HOW CAN OTHER MEN  
PROFIT BY THEIR EXPERIENCE?**

Through the medium of B. C. Forbes, in his new book, "Men Who Are Making America," 50 business giants give us a graphic and accurate description of the qualities, methods and principles by which they won their millions and rose to leadership. This book ought to be called: Success in Life and How It Can Be Achieved, as told by H. P. Davison, James B. Forgan, Otto H. Kahn, John D. Rockefeller, James Stillman, Frank A. Vanderlip, A. Barton Hepburn, Geo. W. Perkins, etc.

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Washington is receiving the greater portion of this industry.

Due to the lack of transportation facilities in this section, crops have not all been marketed. Therefore, the high point of deposits of banks has not yet been reached. Between November 17, 1916, and November 20, 1917, the deposits in the state banks and trust companies increased \$15,037,999.80. Total resources on the former date were \$159,605,449.57, and on the latter date, \$177,526,836.61.

This state oversubscribed its quota in both Liberty Loans and the Red Cross.

CONDITIONS IN HAWAII

"TrenTrusTics," the bank publication of the Trent Trust Co., Honolulu, devotes its November 28 edition largely to a review of 1917 plantation ac-



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A Business Course, including banking, accounting, business management, commercial law and other practical subjects, which forms an admirable substitute for a college education and saves from two to three years of time.

Special Courses in banking and business administration for students who have had one or more years in college.

Secretarial Courses for those desiring to prepare themselves for secretarial work.

The school is known throughout the United States for the excellence and thoroughness of its business training. Its graduating classes have been addressed by ex-Presidents Taft, Roosevelt, Harrison and Cleveland.

One of the best school buildings in the country; large gymnasium.

Students may enter at any time during the school year.

Fifty-second Catalogue and Illustrated Booklet will be mailed upon application.

tivities of the local securities market, it says:

Shareholders in our sugar corporations must firmly fix in their minds the fact that our country is at war and that every resource of the nation must be devoted to its successful prosecution. That anything beyond normal prosperity should accrue to this territory, and sugar stockholders especially, during the period of the war, is not in line with the spirit of the times. Moreover, due to smaller earnings, sugar dividends of 1918 are not likely to approach the generous disbursements of 1916 and will very likely be less than the 1917 distribution.

Hawaii is indeed fortunate in possessing for its main industry the production of sugar—a vital food commodity. This, combined with its strategic geographical location, making necessary the retention of a large garrison which must be supplied at all times, seems to us to guarantee that shipping facilities will be provided.

## NEW BRANCH OF THE BANK OF ITALY

A branch of the Bank of Italy will be established at Stockton, Cal., as the result of the purchase of the San

Joaquin Valley National Bank and the San Joaquin Valley Bank, of Stockton, by the Stockholders Auxiliary Corporation (a subsidiary company of the Bank of Italy). The San Joaquin Valley National Bank has a capital of \$500,000, and deposits aggregating \$4,520,120, while the San Joaquin Valley Bank, which is affiliated with the national bank, has a capital of \$250,000 and deposits of \$3,280,093.

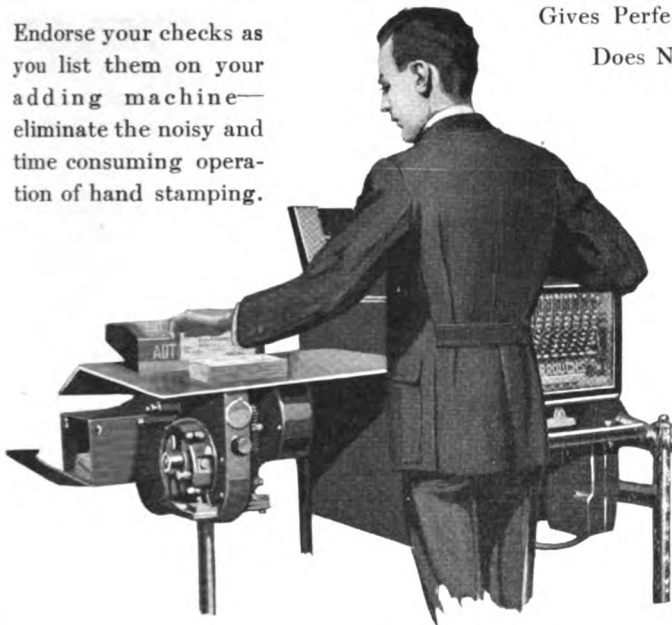
## A NEW FORM OF PERSONAL ACCOUNTS RECORD

LaSalle Extension University has just issued a pamphlet of unusual interest. It contains complete directions for a personal or household budget on a scientific plan. Everyone makes some sort of scheme of expenditures and keeps some kind of record, but most of us should do the thing much more systematically than we do, if we want to get the most for our money.

This very modern and practical lit-

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Endorse your checks as you list them on your adding machine—eliminate the noisy and time consuming operation of hand stamping.



Gives Perfect Endorsements

Does Not Smear

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Rapid and Noiseless

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Handles *All* Checks From Single Checks of Light Paper to Largest Vouchers with Papers Attached

Note that the operator simply turns over the check as he does in listing and the endorsement is made instantly and automatically thus eliminating one entire operation

## The Machine That Solves the Problem of Check Endorsing

AS NECESSARY AS THE ADDING MACHINE

### A FEW AUTOMAT ENDORSER USERS:

National City Bank	New York	Provident Life & Trust Co.,	Philadelphia, Pa.
Fifth National Bank	" "	Third National Bank	" "
Empire Trust Co.	" "	Commercial Trust Co.	" "
New Netherlands Bank	" "	First National Bank	" "
Farmers Loan & Trust Co.	" "	People's National Bank	Boston, Mass.
Harriman National Bank	" "	Boston Safe Deposit & Trust Co.	" "
West-End Trust Co.	Philadelphia, Pa.	American Trust Co.	" "
Philadelphia Trust Co.	" "	Washington Loan & Trust Co.,	Washington, D. C.

Write us for full information regarding our attractive proposition

## MAIL-O-METER SALES COMPANY

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the treatise begins with a discussion of the various methods of personal accounting and the importance of having a system and sticking to it. It discards double entry at once as unsuited to the purpose, but presents a rather elaborate table in which all probable expenses for the year can be entered under appropriate headings. This is the "budget."

Then follow twelve large sheets, one for each month, on which all expenditures, no matter how small, can be entered under the headings used in the budget. At the bottom of each column are spaces for total, overrun, and underrun.

The difference between a scheme like this and the ordinary haphazard method is all the difference between

## Don't You Prefer the INKLESS Way?

Finger print identification is proving superior to other systems with signatures, test questions, photographs or physical outline charts, and is to-day the most positive and reliable system known.

And isn't it worth while to remember that the courts are construing "due care," as required by law, more conservatively than in the past as applied to savings banks in making payments?

With finger print methods of identification coming into general use, it remains only to choose the best system offered.

The Bauder Inkless System of Identification is more than safe and certain. It is clean and quick. It requires no change in the ordinary equipment of passbooks and signature cards and can be used on letters of credit, checks, certificates of deposit—wherever positive identification is desirable.

The Bauder Inkless System enables a bank to avoid payment on wrong identification; protects depositors as well as the bank; strengthens a bank's reputation and good will; saves the tellers' time and gives customers better service.

The fact that a bank takes finger print records attracts business from foreigners, illiterates and those whose lack of business experience make them distrustful of banks.

Finger print records are almost indispensable in handling the savings accounts of children, and are particularly valuable for inactive accounts in agricultural districts.

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The pamphlet has been prepared by Stephen Gilman, vice-president of the Tanner-Gilman Co., Public Accountants, and is published by the LaSalle Extension University of Chicago as part of the material of its course in higher accountancy.

### MAKING SAVING POPULAR

In these days when the saving of the small coins which ordinarily are wasted in unnecessary and often harmful purchases, is vital, it is fortunate that the saving habit has been made attractive and popular by thrift campaigns and the distribution of little safes that make it a pleasure to deposit a coin instead of spending it.

Especially attractive and timely is the so-called Bullet Bank, manufactured and distributed by the Stronghart Company of Chicago. This little bank is of nickel silver,  $4\frac{1}{4}$  inches high by  $1\frac{1}{4}$  inches in diameter, and holds ten dollars in quarters. This form of bank will be specially useful in saving to buy the new United States Savings Certificates. There are many other forms of pocket and home banks put out by the Stronghart concern, which deserves credit for aiding in the promotion of much-needed thrift in



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## THE INCOME TAX

It will be welcome news to bankers that a new 1918 edition of Montgomery's "Income Tax Procedure" will be issued early in January. The law is exceedingly complex this year and everywhere bankers are being asked by customers to give advice on the preparation of Income Tax returns.

Mr. Montgomery's book is full of specific suggestions which will save bankers much time and enable them to render real service to the customer.

The book will contain 750 pages and goes with great thoroughness into the Income Tax Law, Capital Stock Tax Law and the War Profits Tax.

Approval copies may be obtained

from the Book Department, Bankers Publishing Co., 253 Broadway, New York.

## LOANS ON LIBERTY BONDS

An impression having been created in some way that the Federal Reserve Bank of New York was not making loans to the full value of bonds deposited as collateral, F. J. Curtis, secretary of the bank, has written the following explanatory letter to the "New York Times":

The attention of the officers of the Federal Reserve Bank of New York has been drawn to an editorial in the "New York Times" of December 19, from which I quote as follows:

"But, if Mr. McAdoo will have it that these bonds must not sell below par, he should first chide the Federal Reserve Banks for their penuriousness in loaning only ninety per cent. of par value to buyers depositing the bonds as security. If that margin does not contemplate some fall in the market, why was it established?"

In this connection I wish to state that the invariable practice of this bank is to loan to the member banks upon their own notes secured by Liberty Loan bonds up to 100 per cent. of the par value of the bonds securing the notes offered to the bank.

The practice of this bank in rediscounting for its member banks notes of their customers secured by Liberty Loan bonds is to rediscount for the amount of the note offered for rediscount, if it is secured by 100 per cent. of Liberty Loan bonds. Of course, it frequently happens that such notes rediscounted are accompanied by more than 100 per cent. of Liberty Loan bonds because the member bank has received from the customer a payment of five per cent. or ten per cent. down, as the case may be. But in rediscounting this bank never requests or requires any mar-

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gin whatsoever on rediscounts secured by Liberty Loan bonds.

I think it is of importance to have the statement above quoted corrected, as it would be most unfortunate to have the erroneous impression created that the Federal Reserve Banks require any margin on advances or rediscounts of their member banks secured by Liberty Loan bonds.

## THE NEXT LIBERTY LOAN

The necessity for a greater effort to save is thus stated by the Liberty Loan committee of New York, as a preparative for the next loan campaign:

Our war bills, growing heavier as the climax of the world contest draws nearer, cannot be met, however, by the same measure of thrift that characterized the first months. The United States must reach and surpass the mark set in France and Great Britain. In England, one bank alone, the London City and Midland, reports that its depositors applied for \$451,198,000 of the last war loan, or considerably more than one-half the amount standing to their credit. This may give an insight into the compelling pressure of patriotism upon all classes of persons in England, for the London City and Midland reaches all social ranks. It must not be supposed that these English subscribers drew all their half-billion from the bank in order to pay for their bonds. Such a step would have resulted in grave trouble. This tremendous total could not have been lent to the Government without the most extraordinary thrift and self-denial.

Labor must produce more than it consumes, since it is on this surplus alone that the army and navy and all related services, whether at home or in France, subsist and function. Every loaf of bread and bag of coal which our present economy provides is grist to their mills; every servant we can give up who might be employed in a munition plant or on the farm—and this applies to bootblacks and delivery boys and the many others who pander to the laziness of all of us, as well as to butlers and ladies' maids and chauffeurs; and every minute of our own labor which we could make more productive strengthens the nation's fighting machine.



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"The gospel of goods and services is the gospel which, in season and out of season, the National War Savings Committee has been preaching throughout Great Britain for the last eighteen months. The war can be paid for only out of savings."

These are the words of Basil P. Blackett, of the British Treasury, in an address before American bankers last September. On this same occasion he also said:

"These resources cannot be increased by any juggling of finance. It does not matter to the gunner whether the shell which he is firing cost half as much or twice as much as it would have cost in 1913. What matters is that he should have the shell."

It is the duty of every man, woman and child in the United States to produce more and consume less, and then to pass over to Uncle Sam through the purchase of Liberty Bonds the savings which he has effected in this twofold manner. The next sale of Liberty Bonds can be of no value to the Government unless those savings of goods and labor are now being made for which the money which the Government borrows can be exchanged.

In a war which is taxing the capacity of every nation engaged thrift becomes the indispensable prerequisite of victory.

## **FIFTH NATIONAL FOREIGN TRADE CONVENTION**

The fifth National Foreign Trade Convention, under the auspices of the National Foreign Trade Council, will be held at the Gibson Hotel, Cincinnati, Ohio, February 7, 8 and 9, 1918. The principal theme of the convention will be "The Part of Foreign Trade in Winning the War." Discussions will be carried on by a number of men eminent in the industrial and financial life of the country.

## **IN THE HOUSE OF SYSTEM**

The visitor was being shown about by the head of the up-to-date business house.

"Who is that dapper youth at the glass-topped desk?" he asked.

"That is the superintendent of the card index system. He keeps an index showing where the index cases are."

"Who is the young man with the gray gaiters and the efficient ears?"

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"He keeps an index showing the length of time it takes to index the indexes."

"Who is the girl with the golden hair?"

"She decides under what index an index to the index of the filing cabinets shall be placed."

"And who is the gray-haired man at the disordered desk in the corner?"

"Oh, that's Old Joggs. He doesn't fit in very well with the rest of the office, but I have to keep him around. He's the only employee who can find important papers when I want them in a hurry."—Exchange.



## Our Personal Responsibility

BY FRANCIS H. SISSON, VICE-PRESIDENT  
GUARANTY TRUST CO., NEW YORK

THE same national unity which we must develop to win the war will be required to meet the international trade struggle which will follow in the wake of peace.

Every American, therefore, must govern his life and direct his activities as though the fate of the country depended upon him alone. Then there will be no confusion of purposes, no uncertain motives, but, instead, a clarified atmosphere for the most effective use of our tremendous nervous energy, inventive resourcefulness, undeniable courage, and superb moral initiative.

If we fail now to give the full meas-

ure of devotion to our country, the time will inevitably come when we shall have to pay many times over the price of that which we selfishly withhold at present.

We must recognize that each and every one of us, and not merely our Government, is at war. Thus only can we win the glorious victory, which will be ours if we combine to exert all our power for the achievement of that supreme objective. There lies the line of business advantage for us all, to speed the day of victorious peace, of democracy triumphant, of a nation prosperous and united facing its manifest destiny of world leadership.

## Death of Alfred F. White

ON Tuesday, December 18, 1917, Alfred F. White died at his residence, 105 West 77th street, New York.

Mr. White had been for many years editor and publisher of the "Banking Law Journal," and was formerly associated with the business department of THE BANKERS MAGAZINE. He was born at Burlington, Iowa, November 7, 1854. For about thirty years he had lived in New York. Mr. White had an extensive acquaintance among the bankers of the country and was held in high estimation by them. His career was marked by great industry and integrity of character.

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1906



**EUGENE V. R. THAYER**

Newly-elected President, Chase National Bank, New York, succeeding Albert H. Wiggin,  
who becomes Chairman of the Board

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SECOND YEAR

FEBRUARY 1918

VOLUME XCVI, NO. 2

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## Facing the Situation

THE effective participation of America in the world war presupposes an accurate knowledge of all the facts bearing upon the situation and the courage to meet them. Movements of armies and navies and even the full details of important engagements are necessarily veiled in more or less of secrecy. We know that the war will soon reach the end of its fourth year, and that, in a general way its results are about as follows: Germany has lost all her colonial possessions but has gained more or less control over Serbia, Montenegro, Roumania and Belgium, that part of France is still occupied by German troops, and that Russia has been partially subjugated. We know furthermore that German armies, powerfully reënforced with troops from the Russian front, now menace Italy and the general western line.

On the other hand, as stated, Germany has lost all her colonial possessions, has failed to capture Paris or a French seaport, has not succeeded in her submarine policy, and thus far for a long time has made no headway on the western front, but retired before superior French and British forces.

In outline, this is the military situation as it exists to-day.

The question naturally arises as to the result of the release of German troops from the eastern front. Will it enable the Central Powers to defeat Italy, or possibly to break through the French and British lines and thus compel a compromise peace?

From such information as may be gained from general reports, it would seem that the Allied Powers have great superiority in men and equipment. Their morale is certainly equal to that of the enemy, although the long struggle has been a heavy trial to France in particular. For a time it appeared that Italy was yielding to some extent to insidious German propaganda, but that danger has now passed and Italy is not only making a gallant defence of her own historic soil, but has again successfully taken the offensive.

An attack in force from Germany is looked for in the early spring, according to present reports. Should this attack take place, the Allies, acting on the defensive and with greatly superior forces,

ought to resist it successfully. Of this there would be no doubt whatever if American troops were on the western front with sufficient training and in large enough numbers. No doubt we have already a large force in France which is constantly growing, and by the time the expected heavy engagement takes place our troops may have no small share in it.

That we are not already in France in overwhelming strength is due to the fact that public opinion in this country was tardy in realizing the danger confronting us, and we kept out of the war until last April. Since entering upon the war this country has put forth tremendous efforts to repair the consequences of its delay. While wonderful progress has been made, no amount of energy, enthusiasm and determination could possibly succeed in doing in one year the work that might have been spread over three. There are some problems of war of which time is an essential part.

There is still a danger that the people of the United States may underestimate the magnitude of the military task undertaken and may rest content with the efforts already made. This might prove a fatal mistake. We shall have to put on the western front enough men to counterbalance whatever advantage Germany has gained through the Russian collapse, and we shall also have to guard against a possible weakening on the part of any of our Allies. In other words, we should put in France an American army large enough to fight Germany single-handed. It is not believed that we shall have to carry on the combat alone, but we ought to proceed as if that were a possibility and thus cultivate a spirit of self-reliance, which is essential to carrying on war or any other great enterprise.

The people on this side of the Atlantic have, perhaps, been lulled into a state of false security by the repeated stories of impending economic collapse of the enemy. Germany has been starving for so long, according to these reports, that one would think it no longer possible for her troops to offer any resistance whatever. But a look at the military map refutes this comforting belief. Only recently we have been informed that there were hardly any dogs left in Germany, because the people had eaten them. When Lincoln was told that Grant was drinking, he asked for the name of the brand of whiskey so that he might send some of it to his other generals. If there is any application of this story to the present situation it is too obvious to need pointing out.

Soon after the outbreak of the war it was reported that the German people were down to potato bread. This caused a well-known English financial publication to say that this fact, instead of being something to be sneered at, might well make the Allies thoughtful, for it indicated a spirit of sacrifice upon the part of the enemy, shown at the very beginning of the war.

Neither a diet of dog nor of potato bread may be necessary for the people of this country, but it is imperatively necessary that the spirit of sacrifice shall reach to every class and to every individual.

Summing up the facts of the situation as they may be learned from the somewhat meager information available, it must be evident that the war is not yet won by the Allied Powers, and that the United States at present is only saved from a very dangerous position by the resisting powers of the French and British troops and especially by the British navy. In order that we may help win the war and so maintain our strength that the continued existence of the country as a sovereign and independent nation shall not consist in reliance upon the help of foreign military and naval forces, we must keep up our own fighting force on land and sea at the maximum attainable strength. There must be no relaxation of the work of preparation, but rather a redoubling of our energy, so that the part America is to play in the war, the results to be achieved, and the position of this country at the end of the war shall be placed beyond the shadow of doubt.



## Paying the Price

**T**HERE seems to exist a belief on the part of the people of this country that in some way they can avoid paying the price of the war. This belief finds expression in the indisposition to give up luxuries and in the demand that the Government shall fix the price of necessities. Luxurious expenditures do not seem to have diminished to the extent that might have been expected after ten months of war. The glittering procession of automobiles still moves down thousands of streets, carrying largely those given to fashion, idleness and pleasure; the saloons are running night and day (though many schools and some churches have suspended for lack of coal); in the fashionable hotels and restaurants, feasting, dancing and revelry still go on; theatres keep open in the daytime even, and crowds of idle men and women fill them; time, labor and capital are still devoted to numerous industries ministering to luxury, fashion and folly. Yet, in their homes the poor shiver for lack of fuel; some of the solid constructive industries have been stopped, and even manufacturing concerns engaged in producing war materials have been closed on account of the scarcity of coal; the great shipbuilding programme of the Government, the carrying out of which is of vital importance to the successful prosecution of the war, languishes for want of labor.

Do not these facts point unmistakably to the conclusion that the country's productive powers must be shifted with greater speed from unnecessary things to those which are necessary?

Some phases of this problem were thus clearly dealt with in a recent letter to the New York "Journal of Commerce," from A. E. Adams, president of the First National Bank of Youngstown, Ohio:

"When the United States has as large an army in the field as it is now almost certain that it must have, it will be so short-handed that it cannot possibly produce enough to provide the army with the things needful to conserve and protect the lives of the men and at the same time enough of the things to which the civilian population has been accustomed to permit them to live in comfort and luxury. Thus, either the civilian must be subjected to hardship or the soldier to unnecessary risk. Price-fixing, because it stimulates civilian consumption and holds back production, relieves the civilian at the expense of the soldier. In view of the fact that we have adopted price-fixing as a Governmental policy, it is not pleasant to admit the truth of this statement. Nevertheless it is a truth and a truth which, despite its hideous ugliness, cannot be gainsaid.

"The argument in favor of price-fixing is that in the absence of price-fixing some people will profit at the expense of others. This is no argument at all, because nothing is simpler than for the Government to tax back excessive profits. The reason for price-fixing is fear that in the absence of price-fixing the civilian will become dissatisfied with the Government. This is no reason at all. The civilian will take what he has to take without much complaining when and if he knows that the burden of hardship is fairly well distributed and the safety of his sons and friends who have gone out to fight can be bought only at the price of his own effort and sacrifice. In fact, this is the only way it can be bought, and the mistake has been that the Government has adopted a policy which has obscured this fact and led the civilian to believe that through the exercise of some mysterious power of its own it could fully protect the soldier and at the same time save him, the civilian, relatively harmless. True, in words the Government has from time to time, though rather gently, reminded the civilian that he will have to give up a few little luxuries, but it is not words that count in matters of this kind. It is acts and policies.

"Thus we are confronted with a rather serious situation. Either our soldiers must go out ill protected and provided for, the war be prolonged, and the casualty lists lengthened, or else our stay-at-homes must be shocked by the discovery that theirs is to be no easy time. Which is it to be? There can be but one answer. Then will come the question, How? To this also, as I see the

matter, there can be but one answer, namely, the release of prices to take their natural course. This will mean a rapid increase in the cost of living and this in turn hardship for the civilian, the practice of vast economies and the resuscitation of our now failing exertions. And we are to remember that only through the practice of vast economies and increased efficiency by and on the part of all who do not fight can the war be shortened and the lives of our soldiers guarded."

The concluding sentence in the above statement should be burned into the hearts and minds of the American people. We cannot win the war without paying the price.



## Making Our Purpose Clear

**SURPRISE** is frequently expressed in the newspapers of this country that notwithstanding the several official statements that have been made regarding our aims in the war, Germany yet fails to understand them. It does not seem to have occurred to the newspapers in question that Germany's failure to get our point of view consists in the very fact that that country, having set out upon an enterprise of international spoliation, will not listen to any arguments calculated to cheat her of the booty for which she is contending.

A fine statement of moral principles has before now failed in convincing the depredator of the error of his course, and it has been found necessary to use arguments of whose convincing character no doubts whatever could be entertained.

Evidently the time has gone by, if it ever existed, when moral suasion could exercise the slightest influence upon the present rulers of Germany. They prepared for war and entered upon it in a spirit of pure business enterprise. Their profits in territory, indemnities and conquered trade were carefully calculated to reimburse the outlay for war and leave a substantial balance.

It is the business of the Allied Powers, and specifically it is the business of the United States of America, to show Germany and any other nations that may be like minded, either now or hereafter, that a policy of international spoliation can not succeed.

Furthermore, those directly responsible for this awful slaughter—those who have authorized the ravishing of Belgium and the Lusitania murders—must be held to strict personal accountability, so that in future no ruler will ever dare commit like crimes.

In carrying out these aims the Government of the United

States can not rely on official statements of our purposes in the war, but must with every resource and power at its command help in bringing about a military decision that will be quite readily understood by Germany and its rulers.



## The Economic Tangle

**F**ROM many sources comes evidence that the economic condition of the United States is in a state of confusion. Not that the economic situation of the country as a whole is unsatisfactory. On the contrary, the usual indices of prosperity are everywhere present.

But things are rather badly mixed. There is no lack of a coal supply, for example, but there is a serious lack of coal in the places where it ought to be. Labor is deficient in supply, notwithstanding there are millions of men to be had—if not here, in other countries—and who are eager to work. Transportation is in all but a state of chaos. The country has been prosperous for several years—more prosperous than ever before in its history—and yet during these years of fatness the railroads of the United States have come to such a pass that they are absolutely unable to handle the traffic offered them, because they could not advantageously raise the capital needed for extensions and betterments. In the leaner period the railways advanced in construction and equipment with unmatched rapidity and the service as a whole was so good as to give the railways of America an enviable preëminence.

On account of the difficulties above mentioned and others which might be cited, some of the great industries of the country have been hampered in their operations while others have had to shut down temporarily.

If one should suggest an inquiry into the cause of these conditions, the result might be the appointment of another commission of some kind. Would not a little quiet thinking on the part of the American people offer a more hopeful solution of the difficulty? The fault lies somewhere that the railroads are not now at their maximum of efficiency. Their services were never so badly needed, yet they have all but broken down at this most critical moment. Who is to blame?

So with fuel—we never needed it in abundant supply so badly as now. The demands for coal in our factories, for export, for our ships, and to heat our homes and offices are at or near the top. Has the supply been exhausted by this abnormal demand, or has the

supply itself been curtailed through shortage of labor and of transportation facilities?

A shortage of labor in general industry was to have been expected as a result of war conditions. Have we as a people failed to provide for it in advance?

It is a time for our people to take stock of themselves. They need not find fault with the Government, or with this or that official, but make a careful self-examination to see if the blame for these conditions may not be brought very close home.

"Where there is no vision, the people perish." Are we as a nation acquiring the habit of putting off our duty until the eleventh hour? That is a question which applies to the present economic tangle, and it would be well for each one of us to try to help in finding the answer.



## Maintaining A Sound Public Opinion

**C**OMPETENT observers of the European situation state that one of the greatest sources of danger to the Allied cause consists in the possible weakening of the morale of one or more of the Allied Powers. In the case of some of the nations that have sustained tremendous losses of life and property, the danger from this source is easily understood. They must feel at times that their endurance has about reached its limits. Without approving the course taken by Russia, it is at least clear enough why the sorely tried people of that country should long for peace.

France and Belgium are two sorely tried nations, but their courage and determination remain unshaken. Their fields may be ravaged, their homes destroyed, their people killed, but they will listen to no suggestions of a peace until their foes are beaten.

Fortunately, the United States has as yet no incentive whatever to weaken our determination to participate fully in the struggle until it reaches a victorious end. We have not lost money, but on the contrary are richer than when the war began. Our loss of life thus far has been slight. There exists in fact every possible reason why the United States from this time forth should continue to exercise a constantly increasing pressure on the western military front.

An inert public opinion caused us to lose the vast advantage that would have been ours had we begun active preparations at the outset of the war; but lamentations over the fact are of no avail now. What we can do, however, is to insist that the efforts tardily begun shall not only be fully maintained but that they shall unre-

mittingly increase day by day until America comes to exercise the maximum of her financial, economic and military strength.

In a democracy like ours, public opinion must be relied on as the force that will hold the legislative and executive authorities to the strict performance of their duties. It is the first duty of every citizen to insist that there be no unnecessary delays, no avoidable inefficiency, and above all, no faltering of purpose anywhere in the great task we have undertaken.



## Essential and Non-Essential Industries

**T**HE war is responsible for many new expressions and novel currents of thought. Just now much is heard about essential and non-essential industries. Of course, these expressions are not exactly new. They are but another form of the old thought which put things in the two classifications of luxuries and necessities. For many years the boundary line between these two classes of goods or services has been shifting. Invention, capital and progress in science have all combined to add to the number of luxuries and their partakers. Millions have luxuries to-day which were denied to all but the favored few only a short time ago. So that the division between luxuries and necessities is no longer clearly marked.

Despite what has been said, however, the industries of a country might be divided roughly into three sections. In the first stratum would be the basic industries—those which relate in some way to the production or exchange of food, shelter and clothing. The third or top stratum would include those industries which minister chiefly to idleness and pleasure—what might be termed the froth of industry, and which could be spared without great inconvenience in time of peace and which ought to be dispensed with in time of war. Between the upper and lower strata would be comprised those industries which produce or exchange things which are more or less indispensable, and about whose real value to the community there would be a considerable difference of opinion.

In seeking to curtail industry so that the capital, labor and materials might be available for war purposes, the true policy would seem to be to begin with the top, or the froth of industry as it has been called above, to make substantially no curtailment of the basic industries, and only as much as absolutely necessary in the middle stratum.

Probably, in the course of time, this policy will prevail in handling the economic situation in this country, though as yet definite action in this direction appears to be lacking. Many of the least essential industries have hardly been interfered with while some of the basic industries have suffered. Perhaps the policy which it is intended to enforce upon the industries of the country has not been in operation a sufficient length of time to show its results.

In the end we shall all have to realize that the country is at war—perhaps a long, hard, cruel, bitter war—and that extreme sacrifices must be made. Furthermore, that some industries which cater to fashion and pleasure must give way to others engaged in the stern business of the hour.

If a definition is wanted for an essential industry, this would perhaps answer: One that helps win the war. It is not forgotten how the non-essential industries dovetail into the other class, nor the displacement of labor which must inevitably follow a curtailment of non-essential industries. But in time these difficulties will readjust themselves.

The people of the United States must show a readiness to give up things they can do without. The soldier who goes into the trenches exposes his health and his life, and in addition he wears a uniform and eats the food which the Government gives him. Those who stay at home, safe from the dangers and hardships of the camp and field, should not complain if they are subjected to a reduction in many of the luxuries to which they have been accustomed.

It has been clearly pointed out by Mr. Vanderlip that the purchaser of luxuries is competing with the Government in the markets for labor and materials. The Government is forced to pay a higher price for what it needs, and in some case to procure supplies with extreme difficulty because the people are thoughtlessly demanding their accustomed quota of luxuries.



## Governmental Operation of the Railroads

**O**N December 26 President Wilson issued a proclamation stating that the Government of the United States would take over the operation of the railways of the country on December 28, and appointing Hon. W. G. McAdoo, Secretary of the Treasury, as Director-General of Railways. In the President's proclamation the suggestion was made that as compensation the railways be paid an amount equal to net operating income for the

three years prior to June 30, 1917. A bill for carrying this proposal into effect has been introduced in Congress. The Governmental operation of the roads is fixed in this bill for the period of the war and "until Congress shall thereafter order otherwise." In other words, the Government will continue to operate the railways until Congress directs that they be returned to their owners.

In discussing this important departure in the economic policy of the country it should be said at the outset that such a step had become imperatively necessary. The railway situation had become hopelessly confused and was daily growing worse. A board composed of prominent railway officials had labored patriotically and indefatigably to better the conditions, but they lacked power and legal authority. In the emergency only the Government could exercise the necessary powers. The action was at once hailed by the stock market as a boon to the railways, as indicated by a very marked advance in the prices of leading railway shares, while the general public seemed to have a feeling of relief that at last some escape had been found from the railway tangle. Both the decision to compensate the roads and the appointment of Mr. McAdoo as Director-General were reassuring factors. Energetic action was at once taken by Mr. McAdoo in concentrating operation and in lopping off unnecessary trains, with results that have made a good showing in the limited time the roads have been under his control.

That the taking over of the roads was not only justifiable, but necessary, under the circumstances, and that this action will result beneficially all around, is the public verdict.

Conceding the above fact, it nevertheless becomes the duty of the people of this country to examine the railway problem with great care.

The first question that arises is this, Why are the railroads of the United States, with more business than they can possibly handle, unable to borrow advantageously the needed capital with which to make extensions and betterments? The most obvious answer would be that their net income has not been large enough to appeal to the investing public. Railway managers would attribute the difficulty to their failure to get authority from the Inter-State Commerce Commission to advance rates sufficiently to meet the increase in taxes, cost of materials and of labor, and to the multiple systems of public regulation of the roads. Politicians who find profit in declaiming against railway and other corporations would point to high-salaried executives and to "high finance" as the chief sources of the difficulty. That all these allegations contain some truth is probable. Leaving other elements of the problem for the moment, it must be admitted that the railways could not long exist with forty-nine different bosses, and that they could hardly be expected to keep up satisfactory net earnings while under the necessity of

increasing wages, paying more for materials, and at the same time being denied the privilege of adding to their carrying charges. At any rate, under these conditions, the private operation of the railways of the United States has broken down. The break-down came in a time of war, when the roads were under extreme pressure, but it is probable that the war only hastened the consummation of a process which had begun to operate some years back, and that in the course of time the railways would have reached the same pass, war or no war.

The multiple regulation of the railways was undoubtedly a source of great annoyance and expense. It seemed to proceed on the theory that a great deal of the country's commerce was purely of a state character, and therefore subject to state regulation. In the days of the oxcart this theory might have been correct, but it is no longer so. Carefully analyzed, hardly any form of commerce within a state fails to partake of an inter-state character in some respects. Failure to recognize this fact has been the source of a great deal of the misguided efforts on the part of the states to regulate the railroads. If public opinion could be made to see this error, the difficulty might be remedied by Federal incorporation of the railroads.

But before the railways, under private ownership and operation, can again become efficient servants of the public, they must be restored to popular favor. Hostile legislation by Congress might be just as deadly in the end, though less harrassing, than the laws of the forty-eight states. How is this change in public opinion to be wrought? Presumably by a course of righteous conduct upon the part of the railroads and the wide dissemination of the truth about the matter among the people of the country. Is it too late to invoke this remedy? That is a question which may be very seriously asked by the railroads and by all those who still believe in private ownership of the railways.

The final outcome of the matter will depend largely upon experience with the new method of operation by the Government. It may prove so efficient and so popular that little disposition may exist when the war ends to return the roads to their owners. On the other hand, the experiment may not turn out that way. At the moment the trend of public opinion seems to favor Government ownership and operation of the railways. Will that sentiment continue to grow, or will it decline? There is also a growing undercurrent of opinion in favor of having the Government take over the coal and iron mines and the oil wells.

Where will all this end? Shall we stop with Government ownership of public utilities and the mines, or will the process now begun

under the pressure of war continue until substantially all industries shall pass from private to public ownership and operation?

It is this problem we are now facing, and it is one whose seriousness can not be too carefully weighed by the American people.



## Liberty Bonds Below Par

**W**ITHIN recent weeks Liberty Bonds of the second issue bearing four per cent. interest have persistently sold considerably below par in the New York market. Various explanations have been offered for this decline of a prime security below its actual value. German influences, the impending new loan, the call on the investment funds of the country for taxes, charitable contributions, etc., etc., are among the factors offered to explain the decline.

Giving to each of these factors the weight deserved, none of them seem to afford the true explanation. Liberty Bonds are selling below par because the people of the United States are still bent more upon enjoying themselves than they are upon winning the war. Were this not true, the vast saving power of the country would be such that whenever a four per cent. Government bond was offered below par it would be snapped up so quickly that the price would at once advance to par or above. The people are buying so many things they do not need, that they have nothing left with which to buy the bonds of their Government, although these bonds are sold to provide funds with which to procure food and clothing for our soldiers fighting on European battlefields. The generous responses of the people to appeals to buy Liberty Bonds are not forgotten. But they have not done enough; or, rather, too many people have done little or nothing. Think of it! More than one hundred million of the most prosperous people on the face of the earth, and only a bare one-tenth of them buying a bond issued to keep their country alive as an independent nation. The failure of the more than ninety million of our people to buy these bonds was not lack of money—God forbid that it was lack of patriotism! It was probably due to easy-going indifference and to love of luxury—an indisposition to sacrifice some personal comfort or pleasure in order to contribute to the support of American soldiers and seamen.

Splendid educational work was done in the first and second Liberty Loan campaigns, but its effects have yet failed to reach many millions of our people. The Liberty Loan Button should

become a universal badge of service, worn by every man, woman and child who means to stand by the republic in this hour of peril and of need. Pleas of poverty will not avail as an excuse. If Liberty Bonds can not be bought, there are War Savings Stamps within the reach of all.

The hour has come when this country should cast aside its frivolities and its luxuries, and our people set their faces with stern and solemn resolution to the accomplishment of the gigantic task we have in hand.

There are between fifty and one hundred million of people capable of saving one dollar a week with which to buy Liberty Bonds, and who did not participate in either the first or second loan subscriptions. What a splendid opportunity will be theirs when the country calls again to bring forth their dollars and consecrate them upon the altar of patriotism!



## Growth of the National Banks

ON November 20 the resources of the national banks of the United States aggregated \$18,553,000,000, an increase of more than \$3,033,000,000 over the figures of November 17, 1916. This increase, though greater in some localities than others, is general in character.

The extraordinary rate of growth of the national banks may be attributed largely to the enormous demands for war financing and to the increase of business arising in part from the war and in part from the development of trade and industry to meet the enlarged demands of an augmenting population. War business, in one way or another, perhaps accounts for the most of this abnormal rate of growth. This being so, it may be a matter of some interest to consider whether or not, on the return of peace, the banks' assets will contract as rapidly as they have expanded under the stimulus of war. An answer to this inquiry can hardly be given without more definite information as to post-bellum economic conditions than can now be had. On first thought, one would suppose that the ending of the war would tend to contract banking figures with considerable rapidity. But that may not happen, for conceivably the business activities of peace may be as great as those of war, though manifestly of a different kind. Possibly, for some years following the war the banks may have to keep up the policy of expansion which they are now following. Unless the war should continue

almost indefinitely, or for a time that would practically exhaust the credit facilities of the banks, they will be able to make still further expansions to meet the demands of peaceful times. At present the credit powers of the banks are far from exhaustion, and with the rediscount facilities of the Federal Reserve Banks it would seem that an ample margin exists for future requirements.

Whether the period of banking contraction follows immediately after the war or later the present problem of the banks has to do with expansion rather than contraction. They must continue to provide the enormous credits which the situation demands, to the end that the war may be financed and production and exchange kept up at the high rate necessary in such a time. While doing this the banks will not fail to have in mind the possibility of an ultimate reversal of conditions when a period of falling prices and slackening business activity may supervene.

The reduction in banking reserves and other features of the Federal Reserve System have made it much easier than heretofore for banks to expand their credits. In the absence of more complete experience no one can say positively how the new banking system will work under changed conditions. But it is obvious that the large powers of the Federal Reserve Board and the close coöperation among the banks afford elements of strength heretofore lacking.

Thus far the banks of the country have admirably borne the tremendous demands made upon them by the war, and while it would be too much to say that the enormous expansion in banking assets which has taken place excites no concern, it may be said that very great expansion was absolutely necessary under the circumstances.

The banking record made since the war began affords solid ground for the belief that the banking system as a whole and the banks individually will continue to be managed with wisdom and skill.



## “How Bankers Are Doing Their Bit”

**U**NDER this title there have been presented in these pages from month to month little stories of service by the bankers of the United States in the present national emergency. The record as thus given really speaks for itself. In making these facts public no thought has been entertained of setting the bankers of the country apart as a special class who were doing more than their fellows. The object was rather to show that the banker was making common

cause with the farmer, the mechanic, the lawyer and teacher—with everybody—and doing what he could to help in winning the war.

Fortunately, the banker is able to do a great deal on account of his representative position in the community. Only those who come into direct contact with the bankers of many sections can realize how much of their time and effort is being devoted to public work. It would almost seem that many of the leading bankers of the country have temporarily relinquished their own work. They by no means confine their efforts to the pushing of the Liberty Loan campaigns, but enter as well with unflagging energy into every good movement planned to lighten the burdens and sorrows of those directly affected by the great struggle.

Mr. Vanderlip's example in giving up the presidency of the greatest bank in the country, to work for the Treasury in selling war savings certificates in return for a salary of one dollar a year, is but a conspicuous example of what thousands of bankers are doing all over the country—giving their services to the Government without thought of pay.

In nearly every bank there is a roll of honor composed of officers and employees who have gone to the front, and in many a bank's window there appears to-day the emblem of service.

The banker is helping to win the war because he is an American and a patriot. All honor to him!



## Another Liberty Loan

**M**UCH organization work preliminary to the next Liberty Loan has been done already.

It is, of course, somewhat inconvenient to raise large loans in rapid succession, for business and finance are scarcely through with one campaign until another is announced. Still, on patriotic grounds the people of the United States are ready and eager to furnish all the money that may be required, and their ability to supply loans, instead of being on the verge of exhaustion, has as yet scarcely been touched. All the money our own Government and those leagued with us to curb German despotism may require will be furnished, no matter how large the sum may be. For the cause in which the people are now enlisted, the supply of money is inexhaustible.

But it is far from being a question of money alone. There must be saving which will enable the people to meet their taxes and to

buy bonds, but there must also be saving which will render available more food and goods for those engaged in actual warfare. That these may have what they need others at home must be content with less. Fortunately, despite all the talk about scarcity, there is an abundance of necessary food, so that starvation need menace no one. We shall merely have to shift consumption from those things which the military forces most require, substituting others which will answer well enough for home consumption.

The various problems involved in this changing process, and of reduction where necessary, have been worked out by experts under the authority of the Government. Their suggestions will be cheerfully followed by all good citizens.



***OH that God by His almighty power  
would hold back our Nation from  
destruction for a few more perilous years,  
until we may find the paths wherein, as  
brothers just and loving, we may walk  
to the most of excellence and the most  
of happiness.***

PROF. DAVID SWING

# The Building of Banks

By EDWIN D. WEARY, President Weary & Alford Company, Chicago

**I**N the rapid and increasing growth of the vast business industries of this country during the past ten years the business of banking has certainly kept pace, and this is evidenced by the increased demand for new bank buildings. Many of these buildings are, from an architectural point of view, rather commonplace and uninteresting, and many of them are quite deficient in not being designed to supply the particular needs of the business for which they are intended, but there are numerous examples of the very best types which express at once the evidences of skill and knowledge in planning and designing.

I have frequently been asked if, in my opinion, banks are not running riot in extravagant buildings and interiors. My answer is, "Look about you; what of the magnificent public buildings, hotels, restaurants, clubs and private estates—why not the downtrodden banker? Is not the banker or any prosperous business man who spends most of his busy life in an office entitled to the best surroundings and comforts that money can purchase? Are not his customers and clients who bring money to his till likewise entitled to these surroundings? Is it not good business for him to keep pace with his competitors—or to surpass them—and really is it not his duty in the interest of his stockholders to keep his bank foremost in efficiency and economy of operation, and how, pray, can he do these things in cramped quarters and with antiquated equipment?"

I quite well recall an incident a few years ago in one of the thriving cities of the West where we were working out a remodeling proposition, the bank the largest in the city, the banker a most

extraordinary example of efficiency and economy. In discussing some matter one day, I said:

"Well, after all, it won't matter much because you will no doubt replace this building soon with a new one."

He looked at me with astonishment. "What, tear down this building? Why, it is the best one in the city to-day."



EDWIN D. WEARY  
President Weary & Alford Company, Chicago

I replied, "Yes, Mr. M.; but it will be purely a matter of figures. You have the best corner in the city and when the time comes that a new and larger building will be a better investment, you, being a shrewd business man and having an abundance of capital, will probably decide to do it."

Another day he rather bewailed the fact that in taking on more space at

the rear he would lose some rentals, but I told him that when a bank had grown to a point of requiring more space they could in my opinion quite well afford to pay the rent.

The growth of banks, more especially in the West, has been surprising. Not long since we had in process at one time operations doubling the capacity of four banks which we had installed only two years before. In Los Angeles three years ago we had four large operations, three of which abandoned equipments which had cost them from one to two hundred thousand dollars only six or seven years previous. Our recommendation invariably is that a bank should provide at the outset from fifty to one hundred per cent. of the surplus space, and particularly to make the customers' lobby as large as possible. In Los Angeles in one instance the bank provided for growth by leasing for fifty years the entire first floor of the building and then sub-leasing a third of it for a short term.

In another instance there the bank under our advice made a contract with the owner of the adjoining property, giving them an option on the first floor of any building he might erect, and when a bank invests several hundred thousand dollars in equipment this becomes an important thing. Where our employment comprises producing a building as well as the interior, as is the case in most of our operations, we make every possible provision for expansion.

Another very important thing is drawing up a lease where the bank becomes the tenant, and where our employment includes this service the bank is protected for all time to come.

#### DOES A NEW BANK BUILDING INDUCE INCREASED DEPOSITS?

I have read with much interest an article published in the December number of the "American Architect," being in the nature of a questionnaire addressed to various bankers throughout the country. The inquiries were as follows:

"1. What, if any, is the advertising value of a new building or improved quarters?"

"2. Other things being equal, do you believe that the bank with the new building is the one most favored by depositors?"

"3. Have deposits increased or decreased since the occupancy of new quarters?"

"4. Would you attribute all or any part of this increase, if any, to the attraction of the new quarters?"

The article then goes on to say that the answers to these questions were almost universally in the affirmative, and points out the importance of employing an architect who has special knowledge of the needs of a bank and is therefore qualified to deal with the matter in an intelligent way. It is perhaps only logical to say that we quite concur in this idea, because it is a recognized fact that architecture, like law, surgery and other professions, is rapidly becoming specialized.

Our own experience is that a new and attractive bank building is a business getter. Five months ago we completed quite a magnificent bank in Grand Rapids, Mich., having a lobby fifty feet square and a capacity more than double its previous one. We are now informed that the increase in deposits has ranged from ten to twenty accounts per day and that the bank has already outgrown its new quarters.

Some years ago in working out the remodeling of a bank in San Diego, in which we could not accomplish all the bank desired because of restricted space, I explained to the cashier that it would not matter much because they would outgrow it in five years anyway. He considered this rather a joke and called in the president to hear me repeat the statement. When I was there three years later, however, he told me I was not much of a prophet, as they had already outgrown their quarters, and the following year we commenced the construction of a new and spacious bank which I think will "hold them" for many years to come.

Last year three banks were erected in Evansville, Ind., we being employed on the last of the three. I am informed only to-day that while the other two banks have made some growth, this particular one has doubled its deposits, and they attribute it solely to the imposing effect of their banking room and the completeness of its every detail.

Last year we opened up negotiations with a bank in one of the thriving cities of Michigan. They were the owners of a site fifty by one hundred feet on the principal business corner of the city, and had in mind an eight-story building. We worked out tentative drawings for this and gave them an analysis showing revenues, maintenance, cost of operation, depreciation, etc., which demonstrated that it would be a three and one-half per cent. investment, owing largely to the original cost and maintenance of the elevator plant in its relation to the rental area. Under our advice they purchased the twenty-two feet adjoining and erected a very imposing bank building seventy-two by one hundred feet to a height equal to about three stories, with five attractive first story and basement shops on one street side and five spacious offices above. The entrance to the bank is centralized in the building; the banking room has a ceiling height of about forty feet with perfect top light, and the shops bring a large return, so that this becomes an eight per cent. investment. The building is one that would do credit to any city in the land, and the "New Accounts" have kept them working overtime.

In this interior, as in a number of

others lately produced, we are using Travertine stone treatment for the walls. In most of our operations also we are executing all of the metal work in bronze thoroughly gold plated. The initial cost of this is a factor, but it is soon overcome by the absence of upkeep labor and cost, as it requires no attention whatsoever. The gold resists the acid in the ink, besides which there is always the beautiful effect of a gold colored metal. The first installation of this was eight years ago in the First National Bank of Denver, and the work has stood perfectly.

#### INDICATIONS FOR THE FUTURE

There is no question that bank building operations have slowed down to some extent on account of the war conditions; the fact being that people have not yet adjusted themselves to these conditions. There is no question but there will be a bountiful supply of money. Prices in some branches of work have materially advanced, but, on the other hand, the manufacturers of cabinet work, marble, bronze and other materials who cannot turn their attention to war supplies, are almost idle and as a consequence these prices are low. We know of quite a lot of prospective work which has been deferred, but in our own operations we are perhaps fortunate because out of several million dollars of work in hand only one bank has definitely announced a postponement, and I am quite inclined to believe that building industries will go forward notwithstanding the conditions which prevail.



***"IF I had my way I would require every American civilian to repeat each waking hour: 'Patience, patience; God reigns; the Government at Washington still lives.'"***

VICE-PRESIDENT MARSHALL

## PERSONAL INFLUENCE

(From "You," published by the Employees of the Cleveland Trust Co.)



ANY savings accounts are opened through the personal recommendation of friends of this Company. The personal influence is absolutely positive.

Ten or fifteen years from now you may be one of the principal officers of the Company. Don't forget that. Every man who now has an important office with this Company can look back to the time when he had an ordinary job and was dealing with ordinary people.

The vital point is here: You may be only a teller to-day—opening up an account for a man of no great wealth or business standing. Ten years from now that man may be rich, the president of a manufacturing company, or highly influential in other ways.

Whether that man is going to do business with this Company in ten years from now depends almost entirely upon the way you treat him to-day, to-morrow and next week; and on the other hand whether you are going to be a teller or a vice-president ten years from now depends also on the way you treat this man.

In the romance of life and progress there is one influential rule: You can't help the other fellow without helping yourself. It goes farther than that; you can't help the other fellow without starting a whole chain of progressive influences in which you, perhaps, figure to the largest degree.

Fifteen years ago, an average employe of one of our branches did a favor for an average man. To-day that employe is one of the important officers of the bank, and that average man is doing business with this Company to the extent of about \$50,000. Both men grew, and on the basis of the accommodations—call it kindness, courtesy, or whatever you will—the Company has in that average man a customer that no other bank can take away.

Remember that to-day makes to-morrow; that what you are doing now is either pro or con as to the success of the company insofar as you can influence that success, and that, by the way, is in an extremely large degree.

Keep this fact before you at all times: that if your job isn't a big one in the way of usual recognition, no position with the Company is unimportant, and in the degree in which you work for success of the institution, in the same degree you work out your own personal progress; and the whole thing is so easy—it is just a matter of accuracy, courtesy, accommodations and ordinary humanity; and all of these things can be boiled down to one word—thoughtfulness.

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# Banking and Commercial Law

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## CASE COMMENT AND REVIEW

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### Granting a Bank Charter Under Compulsion of Law

**I**N a great many communities there is a surplusage of banks as well as a surplusage of churches, and in a great many instances both are organized from the same motive—rivalry. Instead of one large bank, prosperous, progressive and profitable, there are several unprofitable if not unprogressive banks, just as an excess of churches makes them impoverished and difficult to maintain. Where one bank could bend its best energies to serving the public, and incidentally itself, it must spend itself competing for business, accepting risks it would not otherwise take for fear of losing custom, and paying interest it can ill afford, and proving an uninviting investment for its stockholders.

Whereas a bank should only come into being, through a need of the community for banking facilities, it often originates through dissention in the ranks of an existing bank; and is organized through spite. And in exercising its venom it disrupts the whole banking situation through overcompetition for deposits. A certain amount of competition is healthy and desirable. It stimulates, but pirating one another's business is neither safe, nor profitable.

In many cases the asked-for-charter is refused by the superintendent of banks, and well; in others it is granted. The question arises: If the superintendent pursues the sane and sensible course and refuses to charter the bank organized from improper motives, may he be compelled to do so by the courts? In Kentucky, yes.

In the current number we present a case where a bank applied for charter and was refused on the ground that the opening of another bank was unnecessary, and prejudicial to the existing bank and was not warranted, inasmuch as it would have faint chance for success and seriously harm the other. But the court rules that, having fulfilled the legal steps required in organizing a bank, and the good faith of the men being unquestioned (the term "good faith" meaning that they proposed to conduct the bank regularly and lawfully, and were financially responsible in their undertaking, irrespective of the primary motive behind the scheme) charter must be granted, whether the superintendent wills or not.

This may be good law, but it often is bad banking; for if he who makes two blades of grass grow where but one grew before, is a philanthropist, what shall be said of him who plants two banks where but one can thrive? The Kentucky superintendent was ethically right, but legally wrong. But law is superior to ethics, and the bank got its charter, and let us hope found business enough without stealing it from its established rival.



### Bank's Liability for Conversion of Funds

A point of law and of banking practice that cannot too often be repeated is that of conversion of funds with the knowledge of the bank, thereby charging it with such knowledge of the con-

version as to make it liable to the party wronged.

A check which bears on its face evidence that it is the property of a certain party cannot be passed to the credit of any other person without liability. Nor is it good practice to allow an officer of a corporation to draw checks to his own order and deposit to his credit, without the signature of another officer. Such practices invite trouble. If, for instance, a check is drawn to A, and is offered by B for deposit to the latter's credit, he claiming to be A's agent, and so indorsing, the bank is held liable to A for the amount.

We present a brief Kansas case covering this point in this issue (Hope Vacuum Cleaner Co. vs. Commercial Bank of Independence.) In this case a check was offered for deposit, payable to the company, and was indorsed by the holder and deposited to his own credit and subsequently checked out. The indorser did not account to the company for the amount and the bank was held liable. Banks cannot be too strict in this regard, nor caution their tellers too often.

## Leading Cases

### Power of Banking Commissioner

#### KENTUCKY

*Power of Bank Commissioner to Refuse Charter to Bank Where, in His Judgment, the Bank Is Not Justified in Organizing.*

Court of Appeals of Kentucky, Nov. 16, 1917.

SPEED, COMMISSIONER, VS. DOSSEY ET AL.

Banking commissioner has no discretion under Ky. St. section 165a, subsec. 20, to withhold his approval of articles of incorporation of a bank on ground that its establishment would be a detriment to one

already located in that community, nor on the ground that there was not sufficient business there to justify establishment of a second bank.

The incorporators of a bank are acting in "good faith" within the meaning of Ky. St. section 165a, subsec. 20, when they form a fixed purpose not only to organize, but to institute and carry on, a banking business in the mode prescribed by law, regardless of their motive in establishing it.

(198 S. W. Rep.)

Mandamus by A. P. Dossey and others against George G. Speer, Banking Commissioner of the Commonwealth of Kentucky. From judgment granting the writ, defendant appeals. Affirmed.

### STATEMENT OF FACT AND OPINION

Sampson, J. The appellees, Dossey and several others, undertook the organization of a state bank, under the laws of this commonwealth, to be located at Fountain Run, Monroe county, Ky. The articles of incorporation were duly prepared, signed, and acknowledged by the incorporators and presented to George G. Speer, banking commissioner of the commonwealth, for his approval, as required by subsection 20 of section 165a, Kentucky Statutes.

The banking commissioner refused to approve the articles of incorporation, and this action in mandamus was instituted by the incorporators in the Franklin circuit court to require Speer, as banking commissioner, to approve the articles. By the allegations of the petition it is made to appear that the plaintiffs (21 in number) have complied with the requirements of the statute, regulating the organization and establishment of banks and trust companies in this commonwealth; and that the articles of incorporation conform to the statutes in such cases made and provided, and that such articles have been duly signed and acknowledged by each of the incorporators, and that each of the said incorporators is of good moral character, and is worth double the amount of his subscription to stock, exclusive of his exemptions and liabilities, and they in good faith intended

the establishment of a bona fide banking business.

By the answer the banking commissioner admits that the incorporators have properly complied with the statutes in the preparation and execution of the articles of incorporation, and that each of said incorporators is of good moral character and in good standing financially, and worth above his exemptions and liabilities double the amount of his subscription to stock, but he denies that the incorporators are in good faith in the establishment of the bank, but asserts that they are incorporating the bank as a retaliatory measure against certain other citizens in Fountain Run community, who are preparing to engage in a flour milling business in opposition to a mill already there. The statute requiring the approval of the articles of incorporation by the banking commissioner reads, in part, as follows:

Upon presentation the said articles of said incorporation to the banking commissioner for approval, said commissioner shall carefully examine same, and shall make such inquiry and investigation as to the financial standing and moral character of each of the incorporators as he may deem necessary, and shall require said incorporators to furnish satisfactory proof that each is worth over and above all exemptions and liabilities, at least double the amount of the par value of his stock subscription. He shall inform himself that the incorporators are seeking to establish a bona fide banking or trust business, and are acting in good faith, and upon his conclusions, he shall approve or refuse to approve said articles of incorporation."

The commissioner, in refusing to approve the articles of incorporation, wrote one of the incorporators, at Fountain Run, a letter dated May 11, 1917, in which he stated, among other things, that he had conducted an investigation "of the country and conditions surrounding your title town, with a view of ascertaining whether there is a demand for a second bank at this place." "I have tried to ascertain if an-

other bank was chartered at this place, if both of them could secure enough business to justify the establishment of a second bank." And the letter further states that the commissioner has had one of his examiners investigate the bank already established, and that such examiner has reported to the commissioner "that he did not believe a second bank could succeed, and, if it did succeed, it would destroy the one already located there," and further, "that the establishment of another bank would either ruin the bank already there, or the one established would fail in its efforts to build up a good, strong financial institution." The letter adds, however, that the approval of the articles is refused "for the further reason that we do not believe there is sufficient business in this community to justify the establishment of a second bank."

Under the statute above quoted, it is the duty of the incorporators of a bank to present the proposed articles of incorporation to the banking commissioner for his approval before filing and recording the same in the office of the county court clerk, and of the secretary of state. The statute then makes it the duty of the banking commissioner to examine the articles of incorporation, and to make such inquiry and investigation as to the financial standing and moral character of each of the incorporators as he may deem necessary, and he shall require such incorporators to furnish satisfactory proof that each is worth over and above his exemptions and liabilities at least double the amount of the par value of his stock subscription; and the commissioner shall also inform himself that the incorporators are seeking to establish a bona fide banking or trust business, and are acting in good faith.

In this instance, the proposed incorporators brought the articles to the office of the commissioner in Frankfort, Ky., and presented them to the commissioner with full information regarding their purpose, the moral and financial standing of the incorporators, and such other information as the com-

missioner sought to obtain. Thereafter the commissioner sent two of his bank examiners into the village of Fountain Run to make a survey of the local conditions, and to report to him. In his letter, declining to approve the articles of incorporation, the banking commissioner makes it clear that he is withholding his approval of the articles because, in his opinion, the establishment of the new bank would be to the detriment of the one already there, and that "both of them could not secure enough business to justify the establishment of a second bank," and that he "did not believe a second bank could succeed," and "if it did succeed, it would destroy the one already located there," and for the further reason, "We do not believe there is sufficient business in this community to justify the establishment of a second bank."

Neither of the reasons assigned by the banking commissioner for withholding his approval of the articles come within the discretion allowed him in subsection 20 of section 165a, Kentucky Statutes. He has and may exercise a discretion concerning the composition of the articles of incorporation, and as to the financial standing and moral character of the incorporators, and also as to the solvency of the incorporators and their financial worth over and above their exemptions and liabilities, and likewise may he exercise a discretion as to the good faith and bona fide intention of the incorporators to establish and carry on a regular banking business, but beyond this his duties are ministerial.

In this case the commissioner admits the incorporators have brought themselves within the requirements of the statute in all particulars, except with reference to their good faith or bona fide intention to conduct a regular banking business. With respect to their lack of good faith or bona fide intention the commissioner relied upon certain evidence in the record showing that some of the incorporators were interested in a flour mill in the village of Fountain Run, and that persons interested in the old bank there were pro-

posing to promote another milling company in opposition to the one already established, and that the organization of this bank was proposed as a retaliatory measure, and not in good faith.

The good faith contemplated by the statute has reference only to a fixed purpose and intention on the part of the incorporators to engage in a regular banking business as distinguished from a stock jobbing or advertising scheme in the interest of some auxiliary enterprise; the words "good faith" in the sense employed in this statute mean a settled purpose or determination to inaugurate and carry on a legitimate banking or trust business in the usual course, as contra-distinguished from the flotation of a spurious or false representation of such an institution.

The incorporators of a bank are acting in good faith, within the meaning of this statute, when they form a fixed purpose not only to organize, but to institute and carry on, a banking business in the mode prescribed by law, without reference to its interference with other established banks, or its opportunity for profit from the undertaking. The bona fide intention relates to the banking institution as a entity. The bank must be a bona fide institution, not a phantom, and the good faith requirement has reference only to the honest purpose of the incorporators to establish and carry on a real bank, according to law, without regard to secondary results. That the new bank may work a hardship upon the one already established in the same community does not affect the good faith or bona fide intention, even though this may be well known to the incorporators of the new bank. The incorporators may even entertain ulterior motives, such as the supplanting of another institution, by application of progressive business methods, yet such motives will not justify the banking commissioner in withholding his approval of the articles of incorporation.

It is not within the province of the banking commissioner to ascertain whether two banking institutions will prosper in a given town, nor whether

the establishment of a new bank will prove detrimental to the one already there, but his discretion must be exercised only within the limits prescribed by the statute.

Within these limits the banking commissioner has a discretion, but once the facts are ascertained, showing the incorporators to have placed themselves within the requirement of the law, the subsequent duties of the commissioner are purely ministerial, and he may not withhold his approval for any reason outside the pale of discretion allowed by the statute creating his office. If he refuse a court of equity will compel proper action. The statute does not contemplate the suppression of competing banks by the withholding of the approval of the commissioner to articles of incorporation merely upon the ground that the business may not prove profitable, or may be a detriment to a bank already established in a given community. It is the duty, however, of the banking commissioner to look to the moral standing and financial worth of the incorporators and their good faith and intention to carry on a regular legitimate banking or trust business. Their purpose, however, to enter into competition with an established banking institution in the same community, or even to destroy its business by fair competitive means, would not amount to want of good faith or bona fide intention upon the part of the incorporators to establish and carry on a banking business as contemplated by the statute.

It has been and is the policy of this state to encourage the establishment of banks and other corporations even in competition to one another because out of a wholesome rivalry the general public derives a benefit. If the construction the commissioner places upon this statute can be maintained every established banking institution in the commonwealth could defeat the organization of a second bank in its community for similar reasons, because it might well be argued in every such case that the establishment of a new institution would take away part of the business

of the old bank, and to that extent weaken it and reduce the profits arising from its established business. It may be said that one bank in any town or city is sufficient, because the whole population can there be served. This would likewise apply to every mercantile establishment as well as mills and other industrials, because a monopoly is always profitable to the holder of the exclusive privilege.

Under the facts in this case, the refusal of the banking commissioner to approve the charter of the Farmers' Bank of Fountain Run appear to have been without warrant of law. The lower court properly granted the mandatory order, requiring the commissioner forthwith to approve, in writing over his official signature, the articles of incorporation of said banking institution.

Judgment affirmed. 198 S. W. Rep. 19.



## Indorsement

### KANSAS

#### *Conversion of Funds Through Unauthorized Indorsement*

Supreme Court, Kansas, Nov. 10, 1917

HOPE VACUUM CLEANER CO. VS. COMMERCIAL  
NAT. BANK OF INDEPENDENCE

The plaintiff's agent, having in his possession a check payable to the order of the plaintiff, indorsed the plaintiff's name on the back of the check without authority, presented the check to the defendant bank, and was given credit for it on his account. The defendant collected the check of the bank on which it was drawn. The agent subsequently exhausted his deposit with the defendant and did not account to the plaintiff for the check. *Held*, the defendant is liable to the plaintiff for the proceeds of the check.

### STATEMENT OF FACT AND OPINION

Action by the Hope Vacuum Cleaner Company against the Commercial National Bank of Independence. Demurrer to plaintiff's evidence, sustained, and it appeals. Judgment reversed, and cause remanded for trial.

Burch, J. The action was one to recover the proceeds of a check collected by the defendant, drawn to plaintiff's order and indorsed to the defendant by an agent of the plaintiff, who had no authority to make the indorsement. A demurrer was sustained to the plaintiff's evidence, and it appeals.

The plaintiff is a corporation of the state of Missouri, and previous to the transaction out of which the litigation arose was engaged in manufacturing and selling vacuum cleaners. Matt Berryhill was employed to sell and install the plaintiff's product. He sold a vacuum cleaner to Mark D. Mitchell and installed the machine in Mitchell's building. The contract for sale was made in the name of the plaintiff, and Mitchell drew his check on the Citizens' National Bank of Independence, payable to the order of the plaintiff, for the contract price of the machine. Berryhill indorsed the plaintiff's name on the check, without authority, and took credit for it in the defendant bank. The defendant collected the check and subsequently paid the proceeds to Berryhill on his checks.

The principal defense to the action was that, conceding the facts stated to be true, the defendant rested under no liability to the plaintiff. The weight of authority is to the contrary. 15 L. R. A. (N. S.) 519, note. The check was the property of the plaintiff. If the check had reached the plaintiff it would have brought to the plaintiff's treasury, in due course of business, the sum of \$399. By means of the forged indorsement the defendant was enabled to intercept the check, collect it, and so divert to its own use funds to which the plaintiff was entitled.

The plaintiff endeavors to justify the action of the district court in sustaining the demurrer on other grounds. It is said that Berryhill and the plaintiff were partners. The evidence was that the price of machines to purchasers was \$300 plus cost of installation—in this instance \$399. Machines were expected to net the plaintiff \$250; that is, the agent was to receive a commission of \$50 on each machine sold, but

the difference between \$300 and \$250 did not belong to the agent. The full price of all machines, including cost of installation, was to be remitted to the plaintiff. The result is, the relation of the plaintiff to Berryhill was that of principal and agent.

It is said that Berryhill was held out as the plaintiff's agent, and that authority to indorse the plaintiff's name on the check should be implied. The evidence was that Berryhill installed a vacuum cleaner in the home of C. E. Roth—made the contract, did the work, and collected the price—and the defendant knew these facts. The evidence further disclosed, however, that Berryhill had made a contract in his own name to sell Roth a vacuum cleaner not manufactured by the plaintiff. The plaintiff had a machine which had been used for purposes of demonstration. The plaintiff sold this machine at a discount to Berryhill, who used it to fill his contract with Roth. Consequently Berryhill did not act for the plaintiff in any capacity in the Roth transaction. Besides this, even if Berryhill possessed authority to sell machines, install them, and take checks for the price, authority to indorse Mitchell's check could not be implied. The agency was exhausted when Mitchell's check was received. 2 C. J. 636, 637.

It is said the plaintiff was without capacity to maintain the suit because it is a foreign corporation, doing business in this state without complying with certain statutory requirements. The action was commenced in March, 1915. When the statute relating to the duties and privileges of foreign corporations (Gen. Stat. 1909, section 1726) was revised in 1913, the particular provision on which the contention stated rests was omitted (Laws 1913, c. 135). Besides this, the evidence was that the plaintiff became insolvent and ceased doing business of any kind in the year 1913. Consequently, if the provision were still in force, it would not apply. *Boggs vs. Kelly*, 76 Kan. 9, 90 Pac. 765.

A question is raised concerning the

amount of recovery, should the plaintiff ultimately prevail. Apparently the agent paid the expenses incident to installation of the Mitchell machine, and it is said the plaintiff should not recover more than \$300 of the \$399 collected by the defendant. Under the evidence the entire contract price belonged to the plaintiff, and the agent merely has a claim against the plaintiff for his advancements.

Whenever evidence is referred to in this opinion, the evidence most favorable to the plaintiff is intended.

The judgment of the district court is reversed, and the cause is remanded for trial. All the Justices concurring. (168 Pac. Rep. 870.)



## Note Payable at "Any Bank"

### MAINE

#### *Place of Payment—Liability of Endorser—Demand and Presentment*

Supreme Judicial Court of Maine, Nov. 13, 1917

KERR VS. DYER

When a note is made payable at any bank or either of the banks in a city or town, it may be presented at either of them.

If a promissory note was in the bank at which it was made payable, or payment was demanded there, on the day when due there was a sufficient demand on the maker to fix the liability of an indorser.

A note maturing on the 8th day of October, the certificate of a notary of presentment and demand and notice on the 9th is not prima facie evidence of a legal presentment or demand. (102 At. Rep.)

Assumpsit by Theodore Kerr against Lorenzo F. Dyer. Court orders verdict for defendant, and plaintiff excepts. Exception overruled.

### STATEMENT OF FACT AND OPINION

Bird, J. This is an action of assumpsit upon a promissory note of the tenor following:

"\$300. Portland, Maine, June 8, 1909.

"Four months after date I promise to pay to the order of A. W. Dyer, three hundred dollars, at any bank in Portland, Maine.

"Value received with interest.

"C. B. Dalton."

The note bore the following indorsements:

"A. W. Dyer, Lorenzo F. Dyer, Theodore Kerr. Previous indorsements guaranteed. Pay to the order of Portland National Bank, Portland, Maine, Westbrook Trust Company, Westbrook, Maine. W. M. Lamb, Treas."

The declaration alleged an indorsement of the note by the payee to Lorenzo F. Dyer and by the latter to the plaintiff, and that he on the 8th day of October, 1909, at Portland, presented the note when due and payable to the maker for payment, which he refused. The case was tried in accordance with the declaration as an action of indorsee against indorser. Colburn vs. Averill, 30 Me. 310, 318.

At the close of the evidence of the plaintiff, the court directed a verdict for defendant upon the express ground that there was no evidence in the case that demand was made on the day the note became due to fix the liability of the indorser. It is upon exception to this ruling that the case is before this court.

It is the undoubted law of this state that when a note is made payable at any bank or either of the banks in a city or town it may be presented at either of them. Langley vs. Palmer, 30 Me. 467; Allen vs. Avery, 47 Me. 287. The law requiring a demand upon the maker of a promissory note, in order to fix the liability of an indorser, is satisfied if the note was in the bank at which it was made payable, or was demanded there, on the day when it fell due. Magoun vs. Walker, 49 Me. 419, 420.

The evidence in the case is the note, the certificate of a notary public, protesting the note for alleged nonpay-

ment and the testimony of the plaintiff.

The certificate of the notary alleges that on the 9th day of October, 1909, he presented and demanded payment of the note at the Portland National Bank of Portland (one of the banks of Portland, Me.); that payment was refused; that, the note remaining unpaid, he duly and officially notified the indorsers of its dishonor by written notice, each notice requiring payment.

The note maturing on the 8th day of October, 1909, the certificate of the notary is not even *prima facie* evidence of a legal presentment and demand. Page vs. Gilbert, 60 Me. 485, Brooks vs. Blaney, 62 Me. 456.

It is urged for the plaintiff that his evidence shows that the note was in the Portland National Bank for collection on the day of its maturity. We do not find that it does. The burden of proof is upon the plaintiff to show that all the steps were taken necessary to hold the indorser. No step is presumed to have been taken without some evidence. Magoun vs. Walker, 49 Me. 419, 420. The testimony of plaintiff does not include the date on which the note was sent to the bank, through the trust company, for collection—whether before, on, or after the day of its maturity. Considering the fact that the notary made demand on the day after maturity, and his statement must be taken as true, it seems, considering all possible inferences, little better than a possibility that the note was at the bank on the day of maturity, and to base a conclusion upon a possibility is unwarranted. Titcomb vs. Powers, 108 Me. 347; Allen vs. Railroad Co., 112 Me. 480; Seavey vs. Laughlin, 98 Me. 517, 57 Atl. 796.

The plaintiff having failed to prove legal presentment and demand to fix the liability of the indorser, the exceptions must be overruled; and it is so ordered.

(102 At. Rep. 178.)

## Trust Funds

NEW YORK

### *Deposits to Meet Maturing Coupons— Special Deposit*

Supreme Court New York, Appellate  
Division, First Department, Nov. 9,  
1917

NOYES VS. FIRST NAT. BANK, NEW YORK

A railroad issued coupon bonds in two series, and opened an account with defendant bank, designated by the bank a coupon account, and by the railroad an interest account, for the payment of the coupons. When one series expired, a new account was opened to care for the other series; but the balance due on coupons of the first series yet unrepresented was left on deposit. The second account was thereafter closed and a new account opened for the same purpose. In each of the first accounts a balance remained, from which the bank from time to time paid coupons as presented. *Held*, that the relationship was one of debtor and creditor, that the bank was not a trustee, nor the funds in its hands a trust in favor of the coupon holders, so that the receiver of the railroad could recover such funds.

Submission of controversy on agreed statement of facts between Walter C. Noyes, as receiver of the Chicago, Rock Island & Pacific Railroad, and the First National Bank of New York. Judgment for plaintiff.

### STATEMENT OF FACT AND OPINION

Scott, J. The plaintiff is the receiver of the Chicago, Rock Island & Pacific Railroad Company (hereinafter called the Railroad Company) appointed by a United States District Court in a creditors' suit. The defendant (hereinafter called the Bank) is a national bank transacting business and having its offices in the city of New York. The controversy has to do with the right to the possession of certain moneys deposited by the Railroad Company with the bank before the appointment of the receiver, and which still remain on deposit. Very briefly stated, the circumstances attending the deposit, or rather the deposits, for there were more than one, are as follows:

On or about November 1, 1902, and at various times subsequent thereto, the Railroad Company issued four per cent. gold bonds payable in the year 2002, and known as the bonds of 2002, and to secure the payment of said bonds and the interest thereon executed and delivered a Trust Agreement to the Central Trust Company of New York, as trustee. On or about July 1, 1902, and at various times thereafter, the Railroad Company issued 4 per cent. gold bonds payable in the year 1913, and known as the bonds of 1913, and to secure the payment of said bonds and the interest thereon executed and delivered a Trust Agreement to the Central Trust Company of New York, as trustee. Certain of the bonds of both of these issues were registered, and on the interest dates, which occurred semiannually, the amounts due for interest upon these bonds were sent directly to the several registered holders of such bonds. The great majority of both issues of bonds were what is known as coupon bonds, and the interest was paid semiannually upon the presentation of the appropriate coupons.

The said bonds and coupons were held by companies, firms, and individuals throughout the United States and in foreign countries. Until September 1, 1905, the payments of interest upon both the registered and the coupon bonds were paid by the Railroad Company at its office in New York. Prior to that date the Railroad Company had maintained a general account in the bank.

On September 1, 1905, the Railroad Company opened a new account in the bank, which was designated on the books of the bank by the title "Chicago, Rock Island & Pacific Railroad Company, Coupon Account," and on the books of the Railroad Company by the title "First National Bank of New York, Interest Account." To this new account was transferred \$433,275 from the general account.

From the book entries and vouchers made by the Railroad Company it is apparent that the purpose of opening

this new account and making deposits therein was to use the money so deposited for the payment, from time to time as it might accrue, of interest on the two bond issues above described. From September 1, 1905, until January 12, 1910, deposits to the credit of this account were made by the Railroad Company to meet the interest as it came due semiannually upon the bonds of 1913 and 2002, and upon the presentation of coupons of said bonds the same were paid by the bank, from funds deposited in said new account, by means of cashier's checks drawn to the order of the person entitled to payment.

On March 1, 1907, the Railroad Company opened a new account with the bank, designated on the books of the bank by the title "Chicago, Rock Island & Pacific Railroad Company, No. 2 Account." To this account were credited the sums subsequently deposited to meet the interest payments as they became due. The amounts so deposited continued to be entered in the books of the Railroad Company in its account entitled "First National Bank of New York, Interest Account." To this "Account No. 2" was transferred \$434,100 from the general account. No further deposits were made in the "Interest" or "Coupon" Account opened on September 1, 1905, but the account was not closed; the sum credited therein on March 1, 1907, being held to meet the coupons which had matured prior to that date, but had not yet been presented for payment.

After the opening of "Account No. 2," deposits continued to be made therein by the Railroad Company to meet the interest upon both bond issues accruing semiannually, and payments were made by the bank from said account in the same manner as similar payments had previously been made from the "Interest" or "Coupon" Account.

On January 31, 1910, the bank, by authority of the Railroad Company, transferred to the Central Trust Company of New York the sum of \$3,975, which represented the amount of the

then unclaimed balance of the sums deposited to meet the interest on the bonds of 1913, and thereafter no deposits were made by the Railroad Company with the bank to meet the interest accruing on the bonds of 1913.

Thereafter the accounts in the defendant bank known as the "Coupon Account" and "Account No. 2" consisted only of moneys deposited to meet the interest on the bonds of 2002, and deposits were made in said "Account No. 2" to meet the interest on the bonds of 2002 only.

On the date of the appointment of the plaintiff as receiver of the Railroad Company, January 18, 1915, the balance in the bank to the credit of the "Coupon Account" amounted to \$765, and the balance to the credit of "Account No. 2" amounted to \$6,070, or a total of \$6,835. The bank rendered to plaintiff monthly statements of the state of the two accounts, and such statements showed, as was the fact, that after the appointment of plaintiff as receiver the bank continued to pay the interest coupons as presented. To this the plaintiff voiced no objection until December 9, 1915, on which date he formally demanded payment to him of the funds standing to the credit of the aforesaid "Coupon" or "Interest" Account, and "Account No. 2." At the time of this demand the amount standing to the credit of the "Coupon" or "Interest" Account was \$445, and the amount standing to the credit of the "Account No. 2" was \$3,290, making in all the sum of \$3,735, with interest, which is involved in this controversy.

The contention of the plaintiff is that the deposits, although made for a particular purpose and under special accounts, were none the less general deposits, as that term is known with reference to banking deposits, and that they established as between the bank and the Railroad Company the conventional relation of debtor and creditor, and he further contends that, even if they are to be considered special accounts made with the bank for a special purpose, to which the bank was authorized to apply them, still the trans-

action, at most, only created a revocable agency, which the Railroad Company might revoke at any time, and which was revoked in fact when plaintiff, as receiver of the Railroad Company, demanded payment to himself.

The defendant, on the other hand, insists that by opening the special accounts and depositing therein only moneys intended to be used for the payment of interest, and instructing or at least permitting the bank to pay the interest coupons as they were presented, the Railroad Company created a trust in favor of the holders of outstanding coupons, and that the moneys thus deposited became so impressed with such trust, that the bank, as trustee, is entitled to retain them and apply them to the purpose for which they were deposited.

In our opinion the case is controlled by *Staten Island Cricket & Baseball Club vs. Farmers' Loan & Trust Company*, 41 App. Div. 321, which is not to be distinguished, so far as the material facts are concerned. There, as here, a special account was opened to meet interest coupons as they came due; the interest was paid directly to the holders of the coupons by the depository, out of the funds deposited in the special account; and there remained outstanding coupons matured, but still unpaid. Nevertheless it was held that the deposit created merely the relation of debtor and creditor, and that the transaction did not constitute the depository a trustee, or impress upon the money in its hands a trust in favor of the coupon holders. To the same effect is *Van Horn vs. Kittitas County*, 28 Misc. Rep. 333, 59 N. Y. Supp. 883, affirmed in this court on opinion below, 46 App. Div. 623.

The defendant relies upon certain cases in the Court of Appeals, which in our opinion are not applicable. One is *Rogers Locomotive & Machine Works vs. Kelley*, 88 N. Y. 235, wherein it appeared that a railroad company, which had assumed the payment of certain coupons, made a deposit with a firm of bankers for the purpose of making such payment. The decision turned

upon the form of receipt issued by the bankers and accepted by the railroad company, which expressly recited that the money had been deposited in trust for the purpose of being applied by the bankers to the payment of the coupons.

No such circumstance is present in the principal case. The other case is *Holland Trust Company vs. Sutherland*, 177 N. Y. 327. That case differed widely in its facts from the present. The discussion in the Court of Appeals turned mainly upon the question whether or not the plaintiff, assuming it to have been a trustee, could maintain an action of interpleader. The facts upon which it was deemed to be a trustee are not fully stated. From the statement of the case in the Appellate Division, however (65 App. Div. 252, 72 N. Y. Supp. 584), it appears that the Delaware Water Company, a foreign corporation, had made an issue of bonds, and to secure the payment of said bonds and the interest thereon had assigned all of its property to plaintiff as trustee, and had by the same instrument agreed to set apart, assign and transfer to plaintiff as trustee all revenues to be paid to the water company for fire hydrants by the city of Delaware, Ohio, "to be used exclusively to pay the interest on said bonds and for no other purpose, so far as the same may be necessary for that purpose." The funds over which the controversy arose were all, except an insignificant amount, the proceeds of such fire hydrant rents, and were impressed with a trust in favor of the bondholders under the specific terms of the trust deed. We can find no analogy between that case and the present.

Our conclusion, therefore, is that the plaintiff is entitled to judgment as prayed for by the submission, but, according to the stipulation of submission, without costs. Settle order on notice. All concur.

(106. N. Y. Supp. 288.)

## Note of Church Officials

### TENNESSEE

#### *Note of Church Officials Given for Church Purposes*

Supreme Court Tennessee, Oct. 20, 1917

WILSON VS. CLINTON CHAPEL, A. M. E. ZION CHURCH

Since every corporation in addition to express powers has such implied powers as are reasonably necessary to accomplish its purpose, and religious associations have an entity similar to corporations, authority conferred on the trustees of a religious society by Thompson's Shannon's Code, section 2564, to hold land for purpose of public worship, implies a power to preserve and improve the land.

Under such section, it is within the power of the trustees to execute a note as evidence of the obligation for money borrowed to build a church and bind property of the association for the payment of the note. (198 S. W. Rep.)

Bill by Delia Wilson against the Clinton Chapel African Methodist Episcopal Zion Church. Decree for plaintiff in part, and defendant appeals. Remanded, with directions.

### STATEMENT OF FACT AND OPINION

Green, J. The bill in this case was filed by Delia Wilson, claiming to be the owner and holder of a certain promissory note, to recover thereon against the Clinton Chapel African Methodist Episcopal Zion Church and certain defendants who had executed said note as trustees of said church and other defendants who constitute the present board of trustees of said church. She sought to hold the trustees executing the note individually liable thereon as well.

Certain defenses were interposed, which will be noticed later, and proof was taken. The chancellor dismissed the bill in so far as it sought to hold the former trustees individually liable, but rendered a decree on the note against the present board of trustees in their official capacity, from which decree the board of trustees and the church have prosecuted an appeal to this court.

The note is in words and figures as follows:

"\$650.00

"Knoxville, Tenn., June 14, 1906.

"Two years after date, for value received, we promise to pay to the order of William Alexander six hundred and fifty and 00/100 dollars at the rate of six per cent. from date.

"The undersigned principal and indorsers of this note waive demand note and protest thereof, and agree that if this note is placed in the hands of an attorney at law for collection, or has to be sued on, that he will pay ten per cent. attorney's fees in addition to the principal and interest, which fees shall be added to and become a part of the judgment.

"For money loaned to A. M. E. Z. Church.

"G. A. Robinson, Wm. Johnson.

Chm. David Malcom.

"A. G. Sliger. Jno. H. Alexander,

"Wm. Greenlee. G. Sec.

"W. A. Murrell. Wm. Alexander."

This instrument was indorsed in blank by William Alexander, the payee.

The proof indicates that Alexander and another had paid off an indebtedness created by the church for repairs on its building, for which a mechanic's lien doubtless existed, and this note was executed to reimburse Alexander. It appears that he mortgaged certain of his own property to raise the money to discharge the indebtedness of the church, and later lost his property under said mortgage.

It is insisted for the defendant that the parties executing the note were without authority to do so in such a way as to bind the church or the church property. This church was a voluntary, unincorporated religious association.

Our statutes relating to such associations and their right to hold and dispose of real estate are contained in sections of Thompson's Shannon's Code, as follows:

"2562. *Religious Society; Power to Take and Hold Land.*—Any religious

denomination or society, whether incorporated or not, may take by deed or otherwise, and hold not exceeding five acres of land at one place for purposes of public worship or for a parsonage.

"2563. *Title Invested in Trustees.*—

All lands bought or otherwise acquired by any religious denomination or society, shall be vested in a board of trustees or other person designated by the members of such denomination or society for the use and benefit thereof.

"2564. *When Trustees May Sell.*—

In all cases where any elders, trustees, or other church officer or officers, in any of the various churches or organizations of any religious denomination in this state, shall have had, or may hereafter have, any lands conveyed to them for the use of their respective churches or congregations as building sites, or for any other purpose, by deed, grant, devise, or in any other manner, they or their successors in office, according to the regulations of such church or congregation, may sell and convey the same by deed, which deed, when officially signed by such elders, trustees, or other church officer or officers, or their successors in office, and proven and registered as other deeds, shall pass the title, whether for life, for years, or in fee, to such land to the purchaser in as full and ample a manner as if said church officer or officers held the same as a corporation, and had conveyed it by deed under their corporate deed."

These statutes undoubtedly confer a legal existence and entity upon unincorporated religious associations (Rhodes vs. Rhodes, 88 Tenn. 637, 13 S. W. 590; Nance vs. Busby, 91 Tenn. 303. 18 S. W. 874, 15 L. R. A. 801); and such associations are endowed with limited powers to be exercised by the trustees thereof. They are authorized to hold not exceeding five acres of land for purposes of public worship or for a parsonage. Likewise, they are authorized through their trustees or officers to sell and convey such holdings of real estate according to the regulations of the churches or congregations.

Every corporation in addition to the powers expressly conferred by its char-

ter has such implied powers as are reasonably necessary to accomplish the purpose for which it is authorized. *Doty vs. Telephone & Telegraph Co.*, 123 Tenn. 329. Likewise these religious associations, endowed with certain powers expressed in the statutes and noted above, have such additional powers as are necessarily implied from those granted. The expressed authority to hold land for the purpose of public worship or for a parsonage implies authority to erect a house of worship and a house for the pastor. The authority conferred on the trustees of such an association to hold land for the use and benefit of the association and the authority to sell such property implies a power to preserve and improve the same, so that it may be of use and benefit to the association, and may be maintained in condition to sell.

We think, therefore, the trustees of every unincorporated religious association are entitled, "according to the regulations of such church or congregation," to incur indebtedness for the erection of a house of worship or parsonage, or for the repair and improvement of such house of worship or parsonage. Having authority to incur an obligation of this character, it follows that they may execute a note as evidence of such obligation and bind the property of the association for the payment of such note. *Erie First Baptist Church vs. Caughey*, 85 Pa. 271.

A proper construction of the statutes quoted, in *pari materia*, indicates that in assuming such obligations for the association, the trustees must act according to the regulations of such church or congregation. In the absence, however, of any proof as to the regulations of the church or congregation, when it appears that there are trustees, we think it may be presumed that said trustees are empowered, acting officially, to make contracts and incur indebtedness for the repair or improvement of the church property. *St. Patrick's Roman Catholic Church vs. Gavalon*, 82 Ill. 170.

In the case before us there is no proof whatever as to the regulations or

discipline of the defendant association, no restriction shown to exist on the power of the trustees to bind the church.

It is urged in behalf of the defendant, since neither the church nor its property is bound in the face of the note, that these trustees signing the note must be held individually liable; that the words "trustees A. M. E. Zion Church" appearing after their signatures are merely descriptive, and are not sufficient to relieve the signers of personal responsibility. There is much authority for this proposition. *Bank vs. Looney*, 99 Tenn. 278, 42 S. W. 149.

However, the rule relied on has been changed by the Negotiable Instrument statute (Acts 1899, c. 94, section 20) as follows:

"Where the instrument contains, or a person adds to his signature words indicating that he signs for or on behalf of a principal, or in a representative capacity, he is not liable on the instrument if he was duly authorized; but the mere addition of words describing him as an agent, or as filling a representative character, without disclosing his principal, does not exempt him from personal liability."

This note clearly shows that the trustees signed for and on behalf of a disclosed principal to wit, the Clinton African Methodist Episcopal Zion Church, a quasi corporate entity. If they were authorized to bind the church, then the church is liable, and the trustees individually are not liable.

A corporation may sue and may be sued without any such authority being conferred in express terms. This is one of the incidental powers of a corporation. *Doty vs. Telephone & Telegraph Co.*, *supra*; *Jonesboro vs. McKee*, 2 Yerg. (10 Tenn.) 167.

"Corporations therefore unless there is some restriction in their charter may maintain all such actions as are necessary to assert their rights when invaded, or to give them a recompense for any injury that can be done to them; and *e converso*, they may be sued like a natural person, to enforce any

obligation to which they may be subject or to obtain redress for any wrong for which they are liable." 1 Clark & Marshall on Corporations, p. 664.

So a religious association, endowed by statute with legal existence, and vested with certain powers, may assert its limited rights by suit, and may be sued on the few obligations it is empowered to incur. Under the statute, we think such an association should plead and be impleaded through its trustees.

A number of other questions are raised in the assignments of error and we have disposed of them orally.

An examination of the record shows, however, that this case is in such condition as that we may not pass a final decree. An amended bill was filed by the complainant below in which it was averred that the trustees of this association had made certain mortgages on the property, and that the legal title to the property was outstanding in said mortgagees or trustees. The mortgagees were named as parties to the amended bill, but they have filed no pleadings, and pro confesso were not taken against them. The record does not show that they were served with process. If they were served with process, the case is not at issue as to them. The amended bill averred that the mortgages had in reality been satisfied, and asked that it be so decreed. Any decree to be effective and bind the property of this association must take into account the interests of these mortgagees. We could not deal with the land, unless they were before the court. *King vs. Patterson*, 129 Tenn. 1, 164.

Upon the remand of the case in order that justice may be done, we think the whole matter should be opened up and additional proof taken. The evidence before us is meager as to the identity of the board of trustees at the time this note was executed, as to the circumstances attending the execution of the note, and the ownership of the note by complainant. There is no proof as to the authority of these trustees in the premises, nor as to the regulations

and discipline of the church, respecting the conduct of its business affairs.

All of these matters should be fully developed.

The costs of the appeal will be divided between the parties, and the costs below will await the final outcome.

(198 S. W. Rep. 244.)



## · Overdrafts

### NEW JERSEY

#### *Offense by Director—Certified Check —Evidence—Trust Companies Payment*

Court of Errors and Appeals, New Jersey,  
Oct. 12, 1917

#### STATE VS. SCARLETT

On issue whether defendant was a director of the trust company when he overdrew his account, a letter of resignation addressed to the board of directors and sent to the secretary was insufficient unless the letter was received by the board.

Trust companies being authorized by statute to receive money on deposit to be subject to check or to be repaid on such terms as may be agreed, this court must take notice of the fact that they do a banking business.

Proof that the secretary and treasurer was also the manager of a trust company was sufficient to show that he had powers as great and as extensive as the cashier of a bank.

Where the proper officer of a trust company certifies a check, the company as to innocent holder is estopped to deny liability on the ground that the depositor's account was not good for the amount.

Where a director of a trust company overdrew his account, and the check which was certified passed to an innocent holder, certification of the check by the trust company was equivalent to payment.

Though the treasurer of the trust company paid the check from the paying teller's cash, and instead of stamping it "paid" he placed it in the safe deposit box, there was payment by the company.

John B. Scarlett was indicted under Crimes Act, section 171, and from a judgment affirming conviction, he brings error. Affirmed.

STATEMENT OF FACT AND  
OPINION

Swayze, J. We think the judgment was properly affirmed, and should add nothing but for the further argument here which calls for some amplification of the reasons given by the Supreme Court.

The indictment was under section 171 of the Crimes Act against a director of a trust company for over-drawing his account. The peculiarity of the case is that the overdraft was by means of a certified check, although the depositor's account was not good for the amount. The certification was by the treasurer of the trust company. The check came back to the trust company in due course through other banks, was taken by the treasurer out of the paying teller's cash, and placed in a safe deposit box in the trust company's vault. It is not questioned that the holder of the check received the money thereon, nor that the funds of the trust company were short by that amount, but it is argued that the check was never in fact paid by the trust company, since it was never stamped paid in the usual way, but held by the treasurer as if it were his own, and the suggestion is that he robbed other depositors to make the payment, and that, whatever crime the treasurer may have committed, the present defendant was not guilty of an overdraft under section 171.

A preliminary question of primary importance was whether the defendant was a director at the time the check was drawn and certified. He had been elected a director in the preceding January, and took the oath of office in February. His claim was that he had resigned the same day. He testified that he caused to be sent to Smith, the secretary and treasurer of the trust company, a letter of resignation, of which he produced a carbon copy; the letter was addressed to the directors. Smith testified that he did not remember having received such a letter, and did not remember the fact that the defendant tendered his resignation as director. The defendant testified that

some messenger, not named, from his office, took up the letter of resignation at the same time he took up the oath of office; that it was in the same envelope. In this state of the evidence the trial judge charged that there was no evidence that the letter of resignation was ever received by the board of directors. This, we think, was correct. We need not consider whether under any circumstances evidence of no greater probative force would require a submission of the fact to the jury; nor need we consider what is necessary to constitute a resignation of his office by a director. It is enough to say that Scarlett's attempt was to present his resignation to the board of directors; his letter was addressed to the board. He sent it, however, to the secretary, and there is no proof that it ever reached the board. It would, we think, be going too far to hold that communication to the secretary (if we can even go so far as to say it was communicated to the secretary) was communication to the board. This is not a case of constructive notice. In such a case, justice to third parties often requires that the corporation itself be charged with knowledge possessed by its officers.

A resignation of a director is different. While he has a right to resign and differs in that respect from a public officer (*State ex rel. Reeves vs. Ferguson*, 31 N. J. Law, 107; *Fryer vs. Norton*, 67 N. J. Law, 537), the board of directors or the stockholders, as the case may be, are like the public authorities in having the right, sometimes the duty, to fill the vacancy. This they cannot do, unless they have actual knowledge of its existence. The resignation must be communicated to them, or, to use the language of the charge, must reach them. To hold otherwise might subject directors to the duty of filling a vacancy of which they had no knowledge. Scarlett put his resignation, if his testimony is believed, in the way of reaching the board, but he took the chance of its actually reaching them. It was for him, if he desired to escape further responsibility as director, to see to it that his resignation

reached the board to whom it was addressed. We need not consider whether presentation to any other officer of the trust company would suffice; the defendant undertook to present his resignation to the board; he failed to accomplish it.

The next question of importance is whether the check was ever paid by the trust company so that there was an effective overdraft of the account. The Supreme Court held that the certification of the check was in effect payment. With this we agree. The importance of the question justifies further remark. The question now is not that which often arises as to the effect of a certified check as payment of a debt from drawer to holder and a discharge of the drawer from liability. The answer to that question may depend on whether the certification is at the request of the drawer before the check is issued, or at the request of the holder after the check is issued. *Times Square Auto Co. vs. Rutherford National Bank*, 77 N. J. Law, 649, 73 Atl. 479, 134 Am. St. Rep. 811. The question here is not as to the effect of the check as payment between others, but whether the check has itself been paid by the bank. We think it is settled in other jurisdictions, for reasons that command our assent, that after a drawer of a certified check has parted with it, the situation as to him is "precisely as if the bank had paid the money on this check instead of making a certificate of its being good." The language is quoted from the opinion of Judge Peckham in *First National Bank of Jersey City vs. Leach*, 52 N. Y. 350, and is justified by the authorities he cites; the opinion itself was concerned with the same question that we dealt with in the case already cited, and was there referred to by us as authority.

It is argued, however, that Smith's certification could not amount to payment by the bank, since he was without authority to certify a check when the drawer's account was not good for the money. Trust companies, under our statute are authorized to receive

money on deposit to be subject to check or to be repaid in such manner and on such terms as may be agreed upon by the depositor and the trust company; and, in view of our own decisions, we must take notice of the fact that they do a banking business. *Mechanics' National Bank vs. Baker*, 65 N. J. Law, 549.

It is too late now to claim that banks (or trust companies doing a banking business) may not certify checks. If it is necessary to prove that the secretary and treasurer of a trust company has, by virtue of his office, powers as great and extensive as the powers of a cashier of a bank, such proof is present, since it is proved and not disputed that the secretary and treasurer was also the manager of this trust company. The question then is, What is the effect of a certification by one clothed with these powers when the depositor's account is not in fact good for the check? It must be conceded that no power to overcertify is to be implied; if the power exists, it must be by the express action of the board of directors or of the stockholders or by a course of dealing acquiesced in by the directors or stockholders. No express authority is shown in this case, and we are therefore face to face with the question of the effect on the liability of the trust company of an unauthorized certification by the secretary and treasurer. This question was presented fifty years ago and decided by the Supreme Court of the United States following earlier cases in New York, and resting upon well-established principles of the law of agency and the law of estoppel. *Merchants' Bank vs. State Bank*, 10 Wall. 604. \* \* \* These cases were thoroughly discussed both by eminent counsel and by the court. It is unnecessary to repeat the arguments. It is enough to quote from the federal case to indicate the principle that governed:

"If the contract can be valid under any circumstances," says the court, "an innocent party in such a case has a right to presume their existence, and the corporation is estopped to deny

them." "Corporations are liable for the acts of their servants while engaged in the business of their employment in the same manner and to the same extent that individuals are liable under like circumstances. Estoppel in pais presupposes an error or a fault and implies an act in itself invalid. The rule proceeds upon the consideration that the author of the misfortune shall not himself escape the consequences and cast the burden upon another." "Those who created the trust, appointed the trustee and clothed him with the powers that enabled him to mislead, if there were any misleading, ought to suffer rather than the other party."

Upon these principles the trust company must be held. It put Smith in the position where he had power to certify checks when the depositor's account was good for the amount. Whether it was good or not was a fact known to him. Innocent parties who took the check relying on his certification ought not to suffer, since they had necessarily to rely upon the statement of the officer charged with the duty. The trust company, having put him in a position to mislead, is estopped to deny the truth of his statements. This reasoning applies only to the case of an innocent holder and not to Scarlett himself. The holder in this case is not shown to have been other than innocent, and as to him the certification was equivalent to payment. It is, however, not necessary to rely on the certification as equivalent to payment, since the check was in fact paid. Smith testified and was uncontradicted, that he took the check from the paying teller's cash. This of itself would require an inference that it had been paid and was carried as a cash item; it hardly needed Smith's positive testimony that the check had been paid by the trust company. The fact that instead of stamping it "paid" he put it in the safe deposit box is not material. The holder had his money and that is payment. Counsel for the defendant argues that if the check was paid by cash received from some other depositor, it

was paid by that depositor rather than by the trust company. This is obviously fallacious, since the title to all money deposited passes with the deposit to the trust company, which thereupon becomes debtor to the depositor. The source of the cash is unimportant; it was the obligation of the trust company by reason of its certification that was satisfied, and it must be assumed that it was satisfied with the trust company's money. The necessary result was that Scarlett's account was in fact overdrawn.

One of the questions that arose was whether Smith had applied a certain check properly. Scarlett claimed it should have gone to his credit. Smith had applied it to what he said was an existing indebtedness of Scarlett. The judge in the course of his charge told the jury that Smith was corroborated in his testimony regarding the application made by him of the \$3,000 check by Mr. Ferguson. If this was anything more than mere comment, it was certainly harmless to the defendant. His own claim was that Smith had misapplied the money. Proof that it had been applied elsewhere than to his account was proof of just what he claimed.

The judgment must be affirmed.  
(102 At. Rep. 160.)



## Knowledge of Bank Officials

The knowledge of an agent is imputed to the principal, on the presumption that the information was communicated by the agent by reason of the relation; but, where the circumstances surrounding the agent are such that he would naturally have concealed his knowledge from the principal the law will not presume that it was communicated.

Where the president of a bank introduced a stockman to plaintiff, another bank, which was the metropolitan correspondent of the one of which he was president, and induced plaintiff to make

loans to him on chattel mortgages, the notes being signed, not only by the stockman, but by the president, the president's knowledge that funds deposited in the bank of which he was an official to the credit of the stockman were the proceeds of sales of mortgaged cattle is not, by reason of his official position, imputable to the bank of which he was president, so as to impress such funds with a trust in favor of plaintiff; it appearing that the president induced the stockman to dispose of the mortgaged cattle without notifying plaintiff, or delivering the proceeds, and was a party to a scheme, with reference to the disposition of the cattle, which, if not criminal, was fraudulent and bordering thereon.

(245 Fed. Rep.)



## Authority of Vice-President

While the vice president of a bank intrusted with the general transaction of its business has authority to bind it in any matter which in due course of business falls under the authority of an executive officer of a bank, yet if the transaction with him is so out of the usual course of business as to put on notice the one dealing with him that he is using the bank's name and credit in his own business, or that he is representing his own or any antagonistic interest, he stands before the person dealing with him stripped of his representative capacity, and powerless to bind the bank.

D., treasurer of F., a bank, as such applied to B., a bank, for a loan to F., and on forged resolution of F.'s directors authorizing borrowing, B. discounted note of D. to F. indorsed by D. in name of F., taking as collateral a note indorsed by payee and another, then by D. individually and thereafter by him in the name of F. Thereafter F. had merged in N., a bank which assumed certain of F.'s liabilities, but not the discounted note, of which it did not know, D., who had become vice-president of N., on forged resolution

of N.'s directors, authorizing payment in such manner, procured B. to take in payment of the note a note of D. to N. indorsed by him in its name, the discount being paid by check drawn by D. as vice-president to himself individually, and by him indorsed. *Held*, as regards liability of N. on the substituted note, that the transaction was so out of the usual course and so showed the antagonistic interests of D. as an individual and as treasurer of F. and as vice-president of N. as to put B. on notice.

(244 Fed. Rep.)



## Deposit or Loan

(NEBRASKA)

Where money purporting to be a deposit is placed in a state bank, for which the bank issues and delivers to the purported depositor certificates of deposit in terms providing for payment of five per cent. annual interest, and where by an understanding between the parties the bank pays to such person a bonus of one per cent. above the lawful rate of five per cent. interest, *held*, such transaction does not constitute a deposit within the meaning of the bank depositors' guaranty act (sections 280-345, Rev. St. 1913), but is a mere loan of money to the bank.

(165 N. W. Rep.)



## Rubber Stamp Indorsement

MISSOURI

Under Rev. St. 1909, sections 10001, 10002, defining when an instrument is negotiated, and providing that indorsement must be "written," the indorsement of the name of a corporation, payee of a note, on the back thereof by means of a rubber stamp was sufficient "written indorsement," where there was substantial testimony that such indorsement was ratified by the officers of the corporation, in view of section 10160, defining "written" as including printed, and "writing," as including print.



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## Letter No. 1 of a New Series

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By W. LIVINGSTON LARNED

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Intimate correspondence by one who lives very near the hearts of men, and is thoroughly familiar with their weaknesses—and their strength. Banking romance of a small town told in a homely way and with an abounding sympathy for the slow-moving measure of its routine.

Friend James:

**T**HOUGHTS of the New Year have filled me with profound gratitude, that, in the midst of much that is sad and unlovable, there still exists the infinitely beautiful spur of Labor. Every man has a greater task to perform than ever in his history. We will step out of old trails and upon higher planes, and bring ourselves up to superior efficiency in all we do.

We will be more frugal—more saving, more sympathetic, more eager, more earnest. We will make a great many more personal sacrifices, and be finer and nobler for it. This New Year is destined, Friend James, to lift us out of our Littler selves!

Greater respect than ever will be paid the Banking systems of the country. For War is built solidly, firmly, upon a Nation's thrift. There can be no Victory where there is no financing of Resource. It has been said at Washington—and wisely—that every bank is a barricade against the common Enemy. Behind them and from their impregnable ramparts, the flag of our Fathers proudly waves. There is a dollar for every shot and a penny for every puff of gun-smoke. A Battle is a costly expedient. Placed end on end,

the banks of this country would form the mightiest "First Line Trench" the world has ever known.

\* \* \* \* \*

It will interest you to know how present conditions have changed men's viewpoints. We have sobered considerably. We are, each in his own fashion, "taking stock" of our available resources, mental, physical and material. To illustrate:

There 'came into my office at the bank yesterday a man who was once arrogant, unreasonable; held firmly to his own beliefs, right or wrong, by an inflexible Will.

For many years I have known him. He is one of the richest workers in our little community—but profligate! He has squandered for thirty years. With him, to desire is to have. He is an old bachelor, and this life has made him desperately selfish. He is a gambler with money.

But the War situation had gotten under his skin. He was seeing things differently. He sat in an easy chair by that Northeast window! and the sunlight, showering full upon him, brought out every wrinkle and line of the stern face. I saw that he was pale.

He wanted advice. He had never



No one will ever quite understand the significance of the work that was done by the bankers of this country during the last Liberty Loan and the great present effort they are making in behalf of the Government and Public alike. This work is being done silently, swiftly and with infinite intelligence. In every bank, in every large city and every little country town in the United States, this unerring force is "on duty."

Around committee room tables are discussed the most gigantic problems that a people have ever known. Conscientious men, trained to do highly specialized things, are meeting in country-wide conference, for this momentous hour is one of finance as well as fight. The "Cantonments of national resource" are every bit as important as the cantonment of an army. Officers of every bank form into boards of financial strategy that the war may be handled wisely and with minimum waste.

sought it before. He wanted to know what taxation of various kinds was going to do to business. He had never cared, previously. He had planned a big house in Florida for southern fishing trips. Did I think the project should be discontinued? My suggestions had never been sought before.

He was eager, he said, to have his money DO GOOD—be of some real use, during the national crisis. Fear had mellowed him—but it was something more than that. His very soul was being re-christened. I read it in the drawn, white face as it brooded in the sunlight of my window. Strange forces are at work, My Friend—there are moments when I can almost believe that War has a sort of divine purpose—far-reaching, uncontrovertible as wide as the very seas!

\* \* \* \* \*

I am making some radical changes in the Bank. You will smile when I tell you—new rugs and carpets and a new kind of tiling. The woodwork is to be repainted. I have come to be a rank psychologist. I believe, for

instance, in the effect of color and environment upon the mind. Our old fixtures were dull and drab and depressing. In our keen desire to have things dignified we quite forgot to be optimistic and cheerful. It suddenly came to me, the other morning, as I walked in the doorway. It was a rainy, lowering day. The Bank seemed strangely cheerless. And then I understood—our color scheme was all wrong. Our dignity had gotten the best of us. And I remembered the little country bank at Roxbury, with its high, wide windows, and its white and gold trimmings, and the blue tiles, and the atmosphere of sunny good cheer! There were always flowers on the table, and the red, white and blue ripples of our flag flashed into one's eyes as one entered. That Bank President at Roxbury is a young fellow—a mere lad of thirty—I like his spirit. Banks can be TOO dignified!

\* \* \* \* \*

Friend James—speaking of dignity—what should be the attitude of a Bank President? I am asking you because

of your disinterestedness. Your answer will be the voice of many people. I attended a convention of Bankers not long since and it was positively stiff and rigid with formality. We seemed to be on our guard. It was a case of immaculate black suits and neatly arranged white ties and high silk hats. We sat about, like crows, picking up a kernel of wisdom here and a shred of fact there. I don't think anyone laughed during the entire three days.

Then three of us fell to talking in the smoking room of the hotel. We happened to strike the same theme—this tight, conventional, straight-laced poise of the Kingdom of the Banker. I found those two fellows were human, natural, unaffected men. They could grin and tell stories and come down to the level of everyday life—once they were out from the influence of their manufactured environment. We all agreed that the pose was unnecessary. That it would be a great deal better if Bankers went into harness along with the less exalted altitudes of existence.

You probably won't agree with this. You'll say that the very nature of the business demands supreme dignity. That it is the special duty of High Finance, Gold Grill Work, and Month-end Balances. You will insist that Money is Power and that Power can't afford to run around with its elbows out. I'll meet you half-way. It's more in the humanizing of the official, than any change of dress or station or reserve.

There is a Banker over at Valley Run who never unbends. He is as stern and as strict and as officious as the Supreme Command of a South African brigade. He frightens people who chance to meet him in the bank. I know men who would rather mortgage their homes than talk with him. He repels without realizing it. He never permits himself to forget that he is the President of a Bank! His manner is a sort of badge. More than once he has taken me to task for being "too free and easy." "You lack the dignity of a Bank President," he has cautioned me more than once.

"People will not respect you if you are so informal in your relations with them."

\* \* \* \* \*

But I can't change!

And, in any event, I am not at all sure that he is right.

I have made a success of the bank and of my life. I have many friends. I love Life. Living is very sweet and



With her arms overflowing with those products which feed and clothe ourselves and our Allies, the South towers majestically above this great panorama of national activity. She is prepared to do her part and to do it in the most substantial of ways.

beautiful to me. My little institution is like HOME to every one of its depositors. They enjoy coming in—they regret leaving. I have helped save a town from its own wastefulness. I have seen thrift take the place of profligate spending. I have watched homes built and paid for. Ours is a community of utter and complete joy. We laugh at our toil. Even the War has failed to shake our confidence in our own ability to "see it through."

This has not been accomplished with stiff, unyielding formality.

Long coat-tails and a high silk hat have played no vital part.

If you asked me this moment what one quality, more than any other, was responsible for the complete success of our bank, I would mention "Human-ness" with a dash of "The Friendship Instinct"—by that I mean the ability to win people's love and trust.

For my own part, I am ONE of my community.

I laugh with it, cry with it, suffer with it and am happy with it. We are one and inseparable.

My private office is pretty nearly always open to the village. I place no stern guards at the portal and surround myself by an impregnable, unscalable wall of "form" and conservatism. I do not run myself by an inflexible rule. I change as the mood and the disposition of the other person changes. And so it happens that, almost as a congregation is fathered by its minister, so do I play at Father to the old and the young who are, in reality, my children. When I think of it, the responsibility is great. My responsibilities are indeed parental.

\* \* \* \* \*

It was last May that the folks gave a picnic at Wing River. I drove over in my little car about three hours after the others. And when I was within a half-mile of the picnic grounds, I happened to run across Mr. Billy's boy.

There he was, like a rejuvenated Tom Sawyer, sitting astride a birch log and fishing for shiners in one of the little streams. He had torn his trousers and his legs were bare and he wore a battered straw hat, all black from soil and handling.

I pulled up under the shade trees and went down to the youngster—took off my hat and coat and rolled up my trousers, and borrowed a line. Then we both fished. It took me back fifty years. I realized just how Mark Twain felt when he wrote his immortal books of boyhood. It never occurred to me that being a Bank President prevented me from being human and natural and unrestrained.

And that's where we were when Mr. Billy found us.

He had walked through the woods after doghead violets and had stumbled upon the two of us there on that birch log. There's no telling how long he had been waiting and watching, but finally, he called: "Come up here—you Oldest boy—I want to talk with you a minute."

"Martin," Mr. Billy said, "there's no wonder you have this whole county putting away money in your bank for rainy days. We just naturally IDOLIZE you—love isn't a strong enough word. Nobody would ever think you was a Bank President, to see you down there astride a log, fishing for shiners with Billy Jr. I had confidence in you the second I set eyes on you—and if there's one thing a darned sight more important in a bank president than a silk hat and a stiff neck—it's the ability to convince folks that you are sincere." And then he patted me on the shoulder.

\* \* \* \* \*

We have done more business this year—a War year—than last—or the one before that. Some of my associates felt that we were in for hard times and tightened banking conditions.

I knew that couldn't be.

It is a National characteristic, that we are what we MUST be, in this country. We never do things by halves. If we must SAVE, then we make a business of it. We save with such an intense enthusiasm that it makes up for the spending era.

It has been borne in upon people that they can't go on as they have been going. Change is inevitable. No such personal selfishness would be tolerated. The lover of costly gee-gaws and waste would be ostracised. We have swung squarely around with the wind, and are facing Big Truths.

Our Bank has thirty new depositors. They cover a period of not more than a month.

And that's the really remarkable part of Saving and the HABIT of saving—once you assume the responsibility, there is always SOMETHING TO SAVE. You make reasons for thrift. Self-denial comes—and self-denial can be mighty healing.



Returning voyagers tell us that it is a matter of astonishment in Europe—this deluge of "remembrance" for American fighting men. In trench and dugout and billet, little makeshift Christmas trees were in evidence, hung with "presents from home." American thrift and American saving have made all this possible.

Men turn to Banks in a crisis because they know that Banks ARE the Nation—its life blood, its sinew and its Hope of Future. No—I'm not worried over the Tomorrows. Our Banks will anchor every community to confidence in itself.

How are we to handle the "Money Slackers?"

I'm thinking now of the Men who Have, but can find no reason to invest in Government appeals. Every day sees a new hand reaching out. Every hour brings a fresh need for extra and added resources. And the good and the glory of it is, my Friend, that each cause is just.

Sometimes it is a sublime privilege to be allowed to give or to lend.

That hour is upon us, as a people.

Yet there are men who turn their backs on every appeal.

I have such a "Money Slacker"—he

is a heavy depositor with three blocks of well-paying stores in the village.

"The Government is getting enough," he said; "I'll not give another penny."

But there is a way of convincing such men they are wrong. Blame never won them yet. Reprimand is poor medicine.

I went around to Jonathan's House one evening. He had been talking against Government Bonds, and I wanted him to stop it. In his case, there was no lack of patriotism. He was merely stubborn and a careless gossip.

We talked for an hour, I think—with him doing most of it, in an endless tirade against Bonds and Loans in general. But when he had finished, I opened an album I knew was under the table on a shelf. And I opened it to a photograph of a little modest cottage home, hung with vines. The print was faded for it was generations old.

"Your mother was born in that house, wasn't she?" I asked.

"Yes—but you knew that," he responded.

"And the house still stands—about as it was when SHE was a girl?" I added, "you have fenced in the Old Miller estate and Time has dealt lightly with it. You can unlock the door and see the very room where that little Mother was born, and the wooden cradle YOU used to sleep in, and all the memories of sixty years or more—are there—held within the four walls of that cottage on Forest Hill?"

He was nodding—thoughtfully.

"All of which proves," I continued, "the great debt you owe your country, John. She has guarded you and that little home and everything you hold dear. We are a people of wide freedom and untrammelled lands. There is no other country like it on the top side of God's green earth. Wars sweep over other lands and other peoples, and memories as well as homes are blotted out. The very fact that this cottage could stand for over a hundred years is proof of your duty now. If Washington asked for your last dollar, it should be given with a feeling of love and tender pride. You have opportunity—at last, to prove your gratitude—to pay back some of the splendid things that have been done for you and yours. Think it over."

Which was exactly what he did.

And now he can't wait for the next Liberty Loan. There is always a way to a man's pocketbook, in a good cause—and there's no shorter cut than through his heart. Telling the simple truth, in a quiet, honest manner, is another effective medium.

\* \* \* \* \*

There is a real drama in many a Bank account.

I am wondering how Tom ever kept it from his Mother—the fact that he had ONE redeeming virtue.

A little over a year ago, this boy—he was twenty-one—enlisted in the United States Army.

He was raised and brought up in the village but had been no ornament to it.

Drink, the soul and heart of a Wanderer, and gambling, had all militated against his ever gaining anyone's respect. What made matters worse—he had a little Mother—a widowed mother, who lived a rather lonely life on the outskirts of town. Her entreaties had never mended Tom.

No one ever heard of him or from him, or about him until the local newspaper printed his name one afternoon. It sort of slipped into a day's news without anyone—even the Editor, seeing it.

Tom had been killed in action on the other side.

And then the pitiful truth came out—Tom had sent practically every dollar of his army earnings since his going away. He had made two supremely fine sacrifices. Through a friend in the village, he had mailed back the money and it had been banked with us, under a different name. We had never known. "When there is a REAL nest-egg, I will give it to my Mother," he had written, "being so near death so much of the time has taught me how to SAVE."

And the little Mother was given a bank book, showing a tidy sum to her credit, and it brought great pride and great love, too, for had he not been thinking of her at the end?

Banks are treasure-chests of far more than mere money—locked within their vaults you will find all the story of Life.





Street car cards were used liberally in appealing to the public

## Advertising and Selling Liberty Bonds

**N**EVER have the financial institutions of this country responded so promptly, unitedly and enthusiastically to any patriotic duty as in the marketing of the Liberty Bonds. Practically every bank in the country now has a Liberty Bond department, some of them as extensively and fully organized as any department in the institution, and bond houses have freely turned over their entire selling organizations to the service of the country, realizing that every dollar thus raised was a "silver bullet" indispensable to winning the war.

Securing subscriptions to nearly five billions of the Second Liberty Loan from nearly ten million investors means the most intensive effort and the fullest coöperation on the part of willing workers in every city, town, village and hamlet, and the enlistment of every agent of publicity that could be brought to bear.

The sale involved an immense campaign of education of thousands who had never seen a bond and who hardly knew what a bond was. The necessity of thrift, already preached so extensively by the American Bankers Association propaganda, has been impressed upon the people in a thousand ways, with results so far-reaching as to be of in-

estimable value to the future welfare of the country.

### THE PART ADVERTISING PLAYED

The importance of the part played by advertising in the Liberty Bond campaign cannot be overestimated and as the Third Liberty Loan is about to be launched THE BANKERS MAGAZINE presents some facts regarding this advertising and illustrations of notable examples, that may be helpful to banks in the coming drive.

W. T. Mullally, whose part in the advertising campaign was an important one, contributes some interesting figures as to the work of the Second Federal Reserve District:

Through personal solicitation and by mail, advertising agencies and writers of recognized ability were requested to furnish copy. About 200 were solicited.

Over 335 pieces of copy were sent in; of such number 162 were O K'd.

Over 25,000 proofs were furnished by the newspapers, which the committee were able to get out at practically no expense—as a contribution from the publications.

The forms of appeal used in the copy were: educational, investment, insurance, patriotic, emotional and the





## Borrow and Buy

Your Boy in France Does Not Offer a Tenth of His Life to His Country.

**H**E OFFERS HIS ALL. When he goes over the top of the trench, out into the hell-on-earth of No Man's Land, he offers the magnificent sacrifice of *everything* he has and *everything* he is. He does this that you, your wife and your children may live in security.

The need for argument on buying Government bonds has passed. There can be no argument when you are simply asked to lend your money on the best security in the world at four per cent. to *avert bloodshed and suffering*.

You have made up your minds

You are going to buy bonds.

### BUT HOW MANY BONDS?

Your boy gives his ALL. Will you lend fifty dollars when you can lend five hundred? Will you lend five hundred when you can borrow enough to lend ten thousand?

Go to your bank to-day and put every dollar you can borrow, at work saving that boy's life.

### DELAY COSTS LIVES—THE LIVES OF OUR OWN SONS

**THE UNDERSIGNED BANKS PLEDGE THEMSELVES** to make loans on the 4% Government Bonds at the same rate of interest paid to you by the Government. Such loans will not interfere with any borrower's regular line of credit. We urge every bank in the United States to do likewise.

AMERICAN EXCHANGE NATIONAL BANK  
ATLANTIC NATIONAL BANK OF THE CITY OF NEW YORK  
BANK OF AMERICA  
BANK OF CUBA IN NEW YORK  
BANK OF THE MANHATTAN CO.  
BANK OF NEW YORK NATIONAL BANKING ASSN.  
BANK OF UNITED STATES  
BANK OF WASHINGTON HEIGHTS  
BANKERS TRUST CO.  
BATTERY PARK NATIONAL BANK  
BROADWAY CENTRAL BANK  
BROADWAY TRUST CO.  
BROOK NATIONAL BANK  
BRYANT PARK BANK  
CENTRAL TRUST CO. OF NEW YORK  
CHASE NATIONAL BANK  
CHATHAM & PRINCE NATIONAL BANK "25 WALL"  
CHELSEA EXCHANGE BANK  
CHEMICAL NATIONAL BANK  
CITIZENS NATIONAL BANK  
COAL & IRON NATIONAL BANK  
COLONIAL BANK  
COLUMBIA TRUST CO.  
COMMERCIAL TRUST CO.  
CORN EXCHANGE BANK  
COSMOPOLITAN BANK

EMPIRE TRUST CO.  
EQUITABLE TRUST CO.  
FARMERS LOAN & TRUST CO.  
FIDELITY TRUST CO.  
FIRST NATIONAL BANK  
FULTON TRUST CO. OF N. Y.  
GARFIELD NATIONAL BANK  
GERMAN AMERICAN BANK  
GERMAN EXCHANGE BANK  
GERMANIA BANK OF THE CITY OF NEW YORK  
GOTHAM NATIONAL BANK  
GREENWICH BANK  
GUARANTY SECURITIES CORPORATION  
GUARANTY TRUST CO. OF N. Y.  
HANOVER NATIONAL BANK  
HUDSON TRUST CO.  
IMPORTERS & TRADERS NATIONAL BANK  
INTERNATIONAL BANK  
INTERNATIONAL BANKING CORPORATION  
IRVING NATIONAL BANK  
LIBERTY NATIONAL BANK  
LINCOLN NATIONAL BANK  
LINCOLN TRUST CO.  
MARKET & FULTON NATIONAL BANK  
MECHANICS & METALS NATIONAL BANK  
MERCHANTS' NATIONAL BANK

METROPOLITAN BANK  
METROPOLITAN TRUST CO.  
MUTUAL BANK  
NATIONAL BANK OF COMMERCE IN N. Y.  
NATIONAL BUTCHERS & DROVERS BANK  
NATIONAL CITY BANK  
NATIONAL PARK BANK  
HEARST, JOHN, BANKER  
NEW YORK PRODUCE EXCHANGE BANK  
NEW YORK TRUST CO.  
PACIFIC BANK  
PEOPLES BANK  
PUBLIC NATIONAL BANK OF NEW YORK  
SCANDINAVIAN TRUST CO.  
SEABOARD NATIONAL BANK  
SECOND NATIONAL BANK  
SHERMAN NATIONAL BANK  
THE FIFTH AVE. BANK OF NEW YORK  
TITLE GUARANTEE & TRUST CO.  
TRANSATLANTIC TRUST CO.  
TWENTY-THIRD WARD BANK  
UNION EXCHANGE NATIONAL BANK  
UNION TRUST COMPANY OF NEW YORK  
U. S. MORTGAGE & TRUST CO.  
UNITED STATES TRUST COMPANY OF NEW YORK

## Borrow and Buy — Save and Pay

A group of New York Banks combine in effective advertising

necessity for immediate action. It was soon found that the patriotic and emotional appeals had the best results, and the campaign was finished with the emotional appeal predominating in the copy, with the exception of the last forty-eight hours, in which the copy was devoted to the necessity of immediate action, and a reverse cut was used

which could not but attract attention to the loan.

How extensively and effectually this copy was used, not only in the Second Federal Reserve District, but all over the country, may be learned from the reproductions shown in these pages. Space was used by banks, Liberty Loan committees, business corporations,

Special Dun and Bradstreet Report on

## United States of America

Incorporated

Capital	UNLIMITED
Stockholders	100,000,000 People
Assets	250 Billion Dollars
Liabilities	8 Billion Dollars
Earnings	40 Billion Dollars (Annually)

## RESOURCES:

Billions in Unplowed Acres  
 Billions in Uncut Timber  
 Billions in Unmined Ore  
 Billions in Untouched Coal  
 Billions in Untapped Oil

Began business in 1620—Incorporated July 4, 1776—A BIG SUCCESS ever since, and its Bonds are the BEST INVESTMENT in the World.

On the strength of this report we have subscribed to \$2,500,000 of the 4% Liberty Bonds—and offer our services to help you obtain the World's Safest Securities.

To receive subscription to the Liberty Loan this bank will be open Friday, October 26th, until 6 P. M. and Saturday, October 27th, until 9 P. M.

## UNION TRUST COMPANY

ROCHESTER, N. Y.



## 11,000 PATRIOTS

Eleven thousand and forty-two individual subscriptions to the Second Liberty Loan, just completed, were made through the Security Trust & Savings Bank.

The Bank feels a natural pride in the PATRIOTHRIFT of its great army of depositors. Every demand of the Nation for money—the first Liberty Loan, the Red Cross campaign, the second Liberty Loan, and every other worthy patriotic enterprise—brought out from the patrons of this Bank a response gratifying in its promptness and liberality.

Being patriots, they had the will to give. Being thrifty, they could accumulate the money—PATRIOTHRIFT represents the combination of will to give and ability to save, which good citizenship now demands.

SAVE WITH SECURITY. Spend systematically, save persistently, accumulate money with which you can help your country.

## SECURITY TRUST &amp; SAVINGS BANK

Security Corner 9th and Spring Equitable Branch 1st and Spring



## CONGRATULATIONS!

THE Old National Bank and Union Trust Company of Spokane wish to offer their congratulations to all the people of the Inland Empire for the success of the Second Liberty Loan Campaign in this District.

The generous response from every walk of life exemplifies the splendid spirit of loyalty shown toward the Government in this time of peril.

*W. W. W.*  
 President



Extending the Welcome of the Old State National Bank to Delegates to the Convention Indiana Bankers, Evansville, October 10-11, 1917.

My Dear Banker:

I cannot give you the key to Evansville because the mayor will do that. But I gladly offer you the key to the Old State National Bank and invite you to make the bank your meeting place while in Evansville. Every convenience—city telephones, information, writing rooms, writing paper and stenographers at your disposal. Come in for a hand-shake and join in the good fellowship and cordiality which always obtain at the "Old Bank."

I am glad you came and hope you will be so impressed with Evansville's hospitality that you will come again.

Very respectfully,

*Henry King, Cash.*  
 OLD STATE NATIONAL BANK  
 Evansville, Ind.

Some good advertising copy from banks east and west



There was no escaping this publicity at the National Bank of the Republic, Chicago

firms and individuals, singly and in combination, and the result was a most gratifying success.

The Second Federal Reserve District, comprising the State of New York, a portion of New Jersey, and Fairfield County, Conn., contributed over \$1,550,000,000 toward a Government loan which called for \$3,000,000,000, for which there was a subscription amounting to \$4,600,000,000. Nine million five hundred thousand people subscribed, and the Second Federal Reserve District furnished 2,000,000, or practically one-fourth of the entire subscribers for the whole loan. "Certainly," says Mr. Mullally, "we can credit advertising as being one of the chief factors in obtaining these magnificent results."

#### PRUSSIANISM FEARS PUBLICITY

"To-day Prussianism is in greater dread of advertising and light than any other single antagonist," adds Mr. Mullally. "They have spent millions of dollars attempting to cloud the truth and keep their people and the world from knowing the facts.

"Autocracy fears publicity. Democracy supports it and uses it in lifting mankind to a higher and better plane of living.

"We have seen the brotherhood of men endorsed by every class of trade—self being set aside as if they had said 'Buy Liberty Bonds—then consider our products.' "

#### HOW ONE TRUST COMPANY SOLD BONDS

It was decided by one prominent New York trust company, before the campaign began, practically to devote the entire energies of its newly organized bond department to the Liberty Loan canvass. A "follow-up" circularizing campaign was arranged for. This involved first of all, the issuance of a formal circular giving the terms of the new bond issue, enclosed with which was sent one of the Government application blanks. Two days thereafter,



Corner of the Bluefield (W. Va.) Bank Building during the Liberty Loan Campaign

### Here? In Minneapolis?

"A raging fire broke out in the downtown district. Every fire company was called into action. The situation was alarming.

"Suddenly the wind freshened. The flames bore down upon the residence section. The whole city seemed doomed to destruction.

"The trained fire fighters called for help. The water supply was crippled. Several mains burst. Buildings were dynamited. The assistance of every man, woman and child was imperative. They must help save their own lives, their homes, and their city.

"The chief, in the thick of the fight, was using a field telephone. This message—'urgent'—came buzzing over the wire:

"I want to complain," said a voice, "about our water supply out here in Greenhurst. I'm not getting enough to sprinkle my lawn. I—"

"You using water on your grass?" the chief shouted. "We need every drop! The city's afire!"

"Well, that's not my fault," said the querulous voice. "It hasn't reached me yet. Until it gets here— The connection was broken."

Can you ignore the monstrous fire raging on the other side of the world? Millions of lives have been sacrificed. It is coming our way. Put it out!

**Emergency Work for You**

**BUY LIBERTY BONDS**

Illustration of the scene by the  
NORTHWESTERN NATIONAL BANK  
Acknowledged by the Minneapolis  
Liberty Loan Committee

Our Boys are fighting fire in France  
Shall we shut off the Water Supply?  
**"BUY A BOND"**

Full page newspaper display from Minneapolis

to each one of those to whom this circular was sent was mailed a second circular, appealing to the recipient to subscribe "according to his ability," and also to coöperate with the company by doing everything in his power to secure subscriptions from friends and neighbors.

A few days thereafter a thirty-two page booklet was mailed to each one on the mailing list. This pamphlet, which had been in preparation for several weeks, was entitled "Our United States," and was intended to show the recipient the great wealth and resources of the United States, and that therefore, from a strictly business point of view, bonds issued by the United States may be bought with entire confidence.

The campaign closed with a pamphlet called "The Balance Sheet of the Nations at War." This pamphlet—about sixteen pages in length—contained a map showing in colors the territory of the Entente Allies, of the Teutonic Allies, of the nations which have broken off relations with Ger-

many, and of those few nations which still remain neutral. The campaign was a complete success.

#### CO-OPERATION BETWEEN BANKS AND PEOPLE

Here is a good letter, sent out by the president of the National Iron Bank of Morristown, N. J., which indicates how in the present emergency the banks and the people may be linked together to their mutual advantage:

Dear Sir: I want to know if you will co-operate with your bank to give all the assistance it can to our Government at this time.

I believe that if the present Liberty Loan is subscribed for twice over—that is, if six thousand millions are offered by the people of the United States to the Government instead of the three thousand millions asked for—it will make the German people realize that it is best for them to give up quickly and not to wait until we put into the firing line men in the same proportion that we are now putting in dollars.

The directors of our bank recognize that at the present time it is their duty to do everything in their power to help the Gov-



The staid National Bank of Commerce in New York blossomed out with Liberty Bond posters



In front of the American Exchange National Bank, New York, during the last Loan Campaign



Buying Liberty Bonds over the counter at the Guaranty Trust Co., New York

## What Is the Price of Your Patriotism?

The Germans who thought that France was decadent—that England would not fight—are fond of saying that American patriotism is a dollar patriotism.

In one sense our patriotism is of the dollar variety. It has already manifested itself in billions of dollars, and it is going to show itself in billions of dollars more and in as many billions as may be needed.

The typical American attitude on this war is that we are in it and we are going to win it and we do not care how much it costs.

Isn't that pretty much the way you feel about it?

Every dollar that you can put in is going to increase your pride in yourself and your country. Every bond that you can buy is going to give your eyes that same glow of exultation that you see in the eyes of the men who are going to fight.

You men and women who are not going to the front must stay at home and

perform a high duty. It is the duty of earning and giving the money which will provide the fighting men with what they need, provide it amply and provide it quickly.

Buy as many of the bonds of the Second Liberty Loan as you think you can pay for.

When you do this you perform a triple service for your country. First, you lend your country the money that it needs.

Second, you divert this money from the useless expenditure which you are urged to avoid.

Third, you make a safe, sound and profitable investment and add your quota to the general thrift of the American Nation.

The fact that you have already bought a bond is all the more reason why you should buy another. The soldier who engages in one successful battle does not expect to cease fighting because of that fact. No more should you who have bought one bond feel that you have accomplished your full duty.



*This page is contributed to the Liberty Loan  
By the following Savings Banks of Albany*

Mechanics & Farmers Bank	Albany County Savings Bank
Albany City Savings Institution	National Savings Bank
Albany Savings Bank	The Albany Exchange Savings Bank

The Savings Banks of Albany united in patriotic advertising

ernment rather than to make profits for the stockholders. Therefore, it has been decided to make loans at 4 per cent, instead of the usual 6 per cent., to our customers who take the new Liberty Loan Bonds.

Won't you allow us to send in a subscription in your name—the larger the better—and we will advance you practically all the purchase money? For instance, if you decide that \$1,000 is all you can afford to subscribe for, send us your check for \$20 and we will buy in your name a \$1,000 bond. We will only charge you interest on the balance (\$980) at the rate of 4 per cent. per annum—just the rate the Government will be paying you. As soon as we have received the bond we will arrange with you conveni-

ent terms for the payment of the balance from future savings. We want you to know that we will do everything in our power to assist you in carrying the loan as long as necessary.

ROBERT D. FOOTE, President.

IF YOU HAVEN'T THE MONEY—

An editorial appeal from the New York "Tribune" contains some salient points well worth giving wide publicity:

"But I haven't the money to buy a bond!"

Well, if you haven't the money you are



**"We can Save  
a few Dollars  
a week for him"**

**"We can  
and We will"**

# Buy a Liberty Bond

*Any Bank or Trust Co.  
will tell you how*

This full page ad was contributed by an Automobile Company as part of a big advertising campaign in Washington by which a large subscription was realized at a minimum of expense



# Save & have

Benjamin Franklin.

THE purpose of this advertisement is to bring the importance of saving to the attention of the public. Never before has saving been so necessary. Our soldiers and sailors alone cannot win the war. Our soldiers and sailors backed by thrifty people at home are an invincible force for victory and peace. The future of the United States, after the war, will be more secure if every American will spend carefully, save carefully and invest carefully.

Saving requires no technical knowledge, no large capital. It requires only *the will to save* and the character to keep at it.

Investment follows saving. Banks, trust companies, and savings banks have made it easy to invest.

Thrift is essential to individual success. It is the foundation of the power of nations. It is today absolutely vital to the welfare of the American people.

## Save & serve.

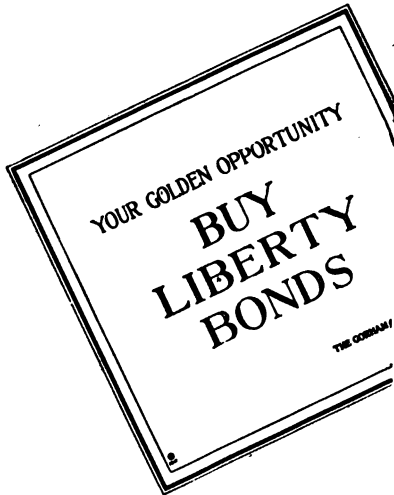
American Exchange National Bank  
Atlantic National Bank of the City  
of New York  
Bank of America  
Bank of Cuba in New York  
Bank of Europe  
Bank of Flatbush  
Bank of New York National  
Building Association  
Bank of the Manhattan Company  
Bank of the Metropolitan  
Bank of United States  
Bank of Washington Heights  
Bankers Trust Company  
Barnery Park National Bank  
Beverly Bank  
Beverly Savings Bank, Brooklyn  
Broadway Trust Company  
Brosser Borough Bank  
Brosser National Bank  
Brooklyn Trust Company  
Brooklyn Savings Bank  
Bushwick Savings Bank  
Central Trust Company  
Chase National Bank  
Chatham & Phelps National Bank  
of the City of New York  
Chelsea Exchange Bank

Chemical National Bank  
Citizens National Bank  
Citizens Savings Bank  
City Savings Bank, Brooklyn  
Coal & Iron National Bank  
Colonial Bank  
Columbia Trust Company  
Corn Exchange Bank  
Dime Savings Bank, Brooklyn  
Dollar Savings Bank  
Dry Dock Savings Institution  
East Brooklyn Savings Bank  
East River National Bank  
Eastern District Savings Bank,  
Brooklyn  
Emigrant Industrial Savings Bank  
Empire City Savings Bank  
Empire Trust Company  
Equitable Trust Company  
Exchange Savings Bank  
Farmers Loan & Trust Company  
Federal Reserve Bank  
Fidelity Trust Company  
Fifth Avenue Bank  
Fifth National Bank  
First National Bank  
First National Bank of Brooklyn  
Franklin Trust Company  
Fulton Trust Company of New York  
Garfield National Bank  
German American Bank  
German Exchange Bank  
German Savings Bank  
German Savings Bank of Brooklyn  
Germania Bank

Germanic Savings Bank of Kings  
County, Brooklyn  
Gotham National Bank  
Grace, W. R. & Co.'s Bank  
Greater New York Savings Bank  
Greenwich Bank  
Greenwich Savings Bank  
Guaranty Trust Company of N. Y.  
Hamilton Trust Co., Brooklyn  
Hanover National Bank  
Harlem Savings Bank  
Hudson Trust Company  
Importers & Traders National Bank  
International Banking Corporation  
Irving National Bank  
Irving Savings Institution  
Kings County Savings Bank  
Kings County Trust Co., Brooklyn  
Lawyer, Title & Trust Company  
Liberty National Bank  
Lincoln National Bank  
Lincoln Trust Company  
Manhattan Savings Institution  
Market & Fulton National Bank  
Mechanics' Bank of Brooklyn  
Mechanics & Metals National Bank  
Mercantile Trust & Deposit Co.  
Merchants' National Bank  
Metropolitan Bank  
Metropolitan Savings Bank  
Metropolitan Trust Company  
Mutual Bank  
Nassau National Bank of Brooklyn  
National Bank of Commerce  
National Butchers & Drovers' Bank

National City Bank  
National City Bank of Brooklyn  
National Park Bank  
New York Produce Exchange Bank  
New York Trust Company  
North Side Bank of Brooklyn  
Pacific Bank  
Peoples Bank  
Peoples National Bank, Brooklyn  
Peoples Trust Company, Brooklyn  
Public National Bank of N. Y.  
Scandinavian Trust Company  
Seaboard National Bank  
Second National Bank  
Sherman National Bank  
South Brooklyn Savings Institution  
State Bank, The  
Title Guaranty & Trust Company  
Transatlantic Trust Company  
Twenty-third Ward Bank  
Union Exchange National Bank  
Union Square Savings Bank  
Union Trust Company of New York  
United States Mortgage & Trust Co.  
United States Trust Company of  
New York  
Williamburgh Savings Bank  
Yorkville Bank

New York Banks, big and little, combined to push the good work



### "Send Me Away With a Smile"



"Over There"

The soldiers of America go to war with a song upon their lips. Music is encouraged and officially directed in our camps here and abroad. The same spirit which brought forth "The Star-Spangled Banner," "America," and "The Battle Cry of Freedom," has burst out again.

Our boys can sing as they march up the gang-plank of the ships that are bound for France, because they feel there is a United people behind them, supporting them with every effort and every sacrifice that may be required.

#### Buy a Liberty Bond

Men may be leaving this week, next week, every little while. They will be singing. You can hearten their songs by buying a Liberty Bond. Shall our soldiers feel that they are leaving behind them a people that respond to the Government's Appeal for a loan?

You should buy a bond and another bond. You should buy it today. You should buy it with a song in your heart. If men can go to the trenches singing you surely can go to the bank and loan your country a few dollars.

If you have a bank account go to your bank. If you haven't go to your employer.

**BUY THAT BOND TODAY**

Columbia Graphophone Co., New York



## Facts You Should Know About Liberty Bonds



THE Second Liberty Loan is offered by the Government for the purpose of raising money to pay the immediate and pressing expenses of the war.

The amount of the Loan is a minimum of \$3,000,000,000; in case this amount is oversubscribed, the Government reserves the right to issue bonds up to one-half of such oversubscription.

The loan is in the form of Government Bonds of \$50 and multiples thereof.

These bonds draw 4% interest, payable semi-annually.

You can pay for them in full, at the time you subscribe (up to \$1,000), or in partial payments as follows:

- 2% (\$1.00 on a \$50 Bond) with application.
- 10% ( 9.00 on a \$50 Bond) Nov. 15th, 1917.
- 40% (20.00 on a \$50 Bond) Dec. 15th, 1917.
- 40% (20.00 on a \$50 Bond) Jan. 15th, 1918.

Liberty Loan Bonds may be bought, if desired, on still easier terms. Many banks, trust companies, department stores, express companies, firms, and corporations will sell them at \$1.00 down and \$1.00 a week on each \$50 bond.

No fee, or charge for services, will be exacted by banks or other agencies which take subscriptions for Liberty Bonds. It is as easy and simple to buy these bonds as it is to secure a post office money order.

Liberty Bonds are the safest investment in the world. They are guaranteed by the Government—the entire resources of the United States stand as security for them.

You can sell them at any time you wish. They are as good as money. And, if you wish to borrow money at any time, you could not offer better or more acceptable security.

It is good business to buy Liberty Bonds because they are an absolutely safe investment, paying 4% interest.

It is wise to buy Liberty Bonds, because they teach you and help you to save money "against a rainy day."

It is your duty to buy Liberty Bonds, because the war is being fought to preserve your liberty and safeguard your home and family against the fearful fate of the people of Belgium.

It is your privilege to buy Liberty Bonds, because that is the most direct and effective way in which you can help to feed, clothe, arm, and protect American boys who are looking to you for aid and encouragement in their time of hardship, deprivation, and danger.



**Garford Motor Truck Co., Inc.**

NEW YORK CITY  
Show Rooms and Service Station  
427 N. 6th St.  
Telephone BRYAN 3829

The Garford Motor Truck Company, Lima, Ohio

Manufacturers of Motor Trucks  
Distributors and Service Stations

New York, Boston, Philadelphia, Baltimore, Pittsburgh, Chicago, Minneapolis, Salt Lake City, Seattle, St. Louis, Denver, El Paso, Houston, Portland, San Francisco, Cincinnati, Indianapolis, Los Angeles, Washington, Omaha, St. Paul, Duluth, Cleveland, Cincinnati, Kansas City, Columbus, Cleveland, Akron, Canton.

BUY  
**LIBERTY BONDS**  
OR  
**Bye-Bye Liberty**

DONATED BY  
**KETTER TRUCK CO. OF NEW YORK, Inc.**

JOHN E. JOHNSON, President

Broadway at 66th Street

Telephone CALHOUN 342

Circle Building

Mercantile and Manufacturing Concerns contributed space generously



## The Plain Duty of Every American

**Y**OUR Duty, as an American citizen, is plain, definite and imperative. Your sons and your neighbors' sons are going abroad to fight for their country, their flag, their homes—and for YOU.

They cannot fight without food, shoes, clothes, bread and bullets.

The Government looks to you for the money to buy these things. Your Duty is to lend—not give this money.

It is more than Duty—more than pa-

triotism—it is a privilege to buy Liberty Bonds.

The money you pay for them will help win the war—help keep our soldiers fed, clothed, armed and protected—help keep your country safe for Democracy.

The United States Government guarantees to pay your money back. It pays you interest on your money, semi-annually.

You can buy Liberty Bonds at any bank. You can buy them on the partial payment plan if you wish.



### BUY ALL YOU CAN

LIBERTY LOAN COMMITTEE  
SECOND FEDERAL RESERVE DISTRICT  
120 BROADWAY, NEW YORK



This space contributed by C. K. Egan & Co.

## ACID TESTS OF A SAFE INVESTMENT

**T**HE United States Government 4 per cent bonds of the Second Liberty Loan of 1917 stand on their merits as an investment. Entirely apart from reasons of patriotism they should be bought for purely business reasons.

Judge them by these acid tests:

1. Are these bonds safe? Absolutely. Behind these bonds are credit and good faith of the United States, all the taxing power of the Government, and the vast wealth and resources of the nation.
2. Is the yield attractive? Yes—4% net. This is more than the highest grade municipals yielded two years ago.
3. Is there a ready market? The 4% Liberty Bonds will undoubtedly enjoy a wider and more active market than any other security.
4. Can the bonds be used as collateral? Yes, anywhere, at any time, immediately.



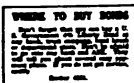
5. Are the bonds stable in value? This is assured by the privilege of conversion into the next war bond issue bearing a possible higher rate.

6. Is there a reasonable probability of appreciation in value? The Government bonds in the Mexican, Civil and Spanish wars all went to a premium when peace was restored.

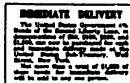
7. Are the denominations convenient? These bonds are in the standard \$1,000 denomination and in various amounts as low as \$50.

8. Are the bonds based on a fundamental necessity? Yes—the first and most elemental necessity, that of self-protection—the protection of our nation and all we hold dear against a foreign foe.

**Go to your bank today and place your surplus funds in the best investment on the market—U. S. Government Liberty Loan Bonds!**



LIBERTY LOAN COMMITTEE  
Second Federal Reserve District  
120 Broadway, New York



This Space Contributed by William Solomon & Co.

Newspaper space like this was contributed liberally by private concerns to aid the Liberty Loan Committee

exactly the person who ought most of all to subscribe. Yours is the subscription that the country most needs.

That sounds like a paradox, and will sound like a grim jest to those Americans unlucky enough not to be able to pay for a bond even out of future savings. But it is the simple truth, and it hits most Americans, the vast majority of us, squarely.

We have not been a saving race. Were it not for the war, the pressure of its high prices, the call of its many demands, for Red Cross, for Liberty Bonds, we should

probably have gone on living close up to our salaries and incomes and putting by nothing, or at best much less than a careful, thrifty eye to the future would demand. That old spirit has changed, is changing rapidly. From necessity and from a desire to help we are revising our ways of living and planning more sense and thrift for the future.

It is these new savings, the prospective earnings of a new national thrift, that our country must chiefly rely upon in its present crisis. No Liberty Loan can be



safely placed without a fatal derangement of bank deposits, savings bank investments, the market for stocks and bonds, the whole credit system of the country, unless it is largely taken care of by such future thrift.

Therefore, subscribe now and save the necessary money from now on. You will have to plan. You will have to face some denial and economy. You will have to cease being an old-fashioned, easy-come, easy-go American and become a new-fashioned American with a sense of responsibility for the future.

Subscribe to-day, begin to save to-day, and pay as you can. That is the most urgent and vital message that the Liberty Loan addresses to Americans.

#### ANOTHER APPEAL FOR THRIFT

The Second Federal Reserve District Liberty Loan Committee makes this new appeal for thrift:

One billion pennies have been minted in this country in the last ten or a dozen years. Slowly this stream of bronze is being turned back in the direction of the National treasury for war purposes. Gold has flowed into this country so rapidly in the last few years that by this time the United States has accumulated almost one-third of the world's supply of the yellow metal. In response to the call of the President, Americans are turning in this gold. From the poorest to the richest, Americans have borne their share. Stevenson's *aes triplex*—threefold shield of brass—is no more effective against the blows of the enemy than this double shield of bronze and gold.

A nation that prepares to enter a war first takes stock of fighting men, its guns, its gold and its food. It also will place on the credit side of its books the two items, thrift and courage. Without these two, all the material advantages of trained



The Liberty Loan Thermometer at the National City Bank, Chicago

**Sparbank-Methode für den  
Verlauf von  
Zweiten Liberty Bonds**


**Albany City Savings Institution**

100 STATE STREET.

Even the Germans are appealed to

armies, war chests, fields of grain and wells of oil, will count for little in a long-drawn contest. When disasters fall upon a nation, courage will steel its will. When the costs of war mount up to heights undreamed of before this contest, thrift will win the day.

When the first Liberty Loan was launched, the cry was heard quite frequently, that this is not a thrifty nation and that the Contingental peoples have outstripped us in the practical application of individual sav-



*"The time has come to conquer or submit."*

*"For us there is but one choice. We have made it."—President Woodrow Wilson.*

## STANDING BEHIND or HIDING BEHIND

Which are you doing? Unless you are helping win this war you are hiding behind our soldier boys, and YOU ARE A SLACKER.


### Buy All the Liberty Bonds You Can!

If you are able to buy more, don't take a fifty dollar bond and think you are doing your bit. You are not, and your friends will not be fooled.

Buying Liberty Bonds is the easiest way to help. You are simply loaning money, NOT GIVING IT, and getting interest for the use of it.

The Postoffice will sell for cash or on the Government plan of deferred payments, and both Olympia banks will sell on the same plan, or easier payments if necessary. Interest on deferred payments will be at the same rate as the bonds bear, 4 per cent. Are you going to wear that badge of honor, a Liberty Bond Button, or shall you, by its absence, proclaim yourself a hider? There is no middle ground—you are either for or against Uncle Sam.

## ACTIONS, NOT WORDS, COUNT NOW!

Patriotically contributed by  the Olympia National Bank

A Striking ad from the Pacific Coast

ings to national finances. True, at the beginning of this war, when our export balance reflected in increased billions our prosperity, we showed little disposition to imitate the careful Frenchman. But those who complained in the early months of 1917, on the eve of the first Liberty Loan, of our unwillingness to save, have forgotten what this nation did when put to the test

in the days of the Revolution and the Civil War. From the time of Joseph, when the forcible contrast of the lean years and the overflowing granaries brought home to the people the value of saving, nations have known how to make use of this primeval instinct. It is no new and strange practice, then, that the American people must adopt if they are going to win this war.

# \$2 a Week Buys You a Liberty Bond

Every American Who Refuses to Save  
\$2 Per Week to Buy a Liberty Bond  
Should Hang His Head In Shame

ONLY 3 DAYS MORE

**How to Buy an Installment Plan**

GO to any bank, savings bank or trust company today. Give your name and address and \$2, and say you wish to purchase a \$50 Liberty Bond.

Continue to deposit \$2 every week for twenty-four weeks. When you have reached \$50, the bank will hand you a United States Liberty Bond Certificate for \$50.

**No Interest or Commission charged**

Banks charge no interest or commission for buying you a Liberty Bond on the installment plan.

**Employer will Buy Liberty Bonds For You**

Your employer will be glad to purchase your Liberty Bond for you, deducting \$2 a week from your pay until the bond is paid for. Ask him.

**The Government Wants You to Buy on the Installment Plan**

Both the government and the banks are anxious that you buy your Liberty Bonds on installments and not with cash drawn out of your bank deposits or from the sale of stocks and bonds.

Because the money now deposited in financial institutions or loaned in stocks and bonds is being used in trade and industry. If withdrawn and turned over to the government for war, a large percentage of the business of the country would be compelled to curtail; men would be thrown out of employment and there would be hard times.

But if we cut down enough of our unnecessary expenses to save \$2 per week, and buy a Liberty Bond with that saving, we work no harm to industry and we help the government in its task of destroying the world's great enemy of Freedom.

**What a Liberty Bond Is**

A LIBERTY Bond is the promise of the United States Government to pay you \$50—or whatever amount you buy—at the end of twenty-five years, with interest.

During the life of the present issue of Liberty Bonds, the Government consents to pay you 4% interest per year—half on May 15th and half on November 15th of each year.

**Coupon Bonds and Registered Bonds**

Liberty bonds are issued in two ways—Coupons and Registered.

Coupon Liberty Bonds are made payable to bearer. Each bond bears coupons payable May 15th and November 15th, stating the amount of interest due thereon at 4%. You cut off these coupons as they become due and deposit or cash them at the bank, just as you would a check.

Registered Bonds are similar to Coupon Bonds except that they bear no coupons. Instead, the Treasury Department registers your name on the face of these certificates, and every May 15th and November 15th sends you a check direct, in payment of the interest.

Registered Bonds are a safeguard against loss. Their ownership cannot be transferred to anyone else without your written authority. If lost, a new certificate can be obtained through application to the Secretary of the Treasury.

**Probably Worth More After the War**

LIBERTY Bonds will become the premier investment security of the world. When the war is over and business is again normal, the interest rate on new Government bonds will probably be lower than the interest on these Liberty Bonds—just as it was before the war. That will mean that Liberty Bonds will be much sought, and probably will sell at a good premium.

**Always Safe**

**You Can Borrow on Liberty Bonds**

If for any reason you wish to sell your Liberty Bond you can do so at any time through any bank at the market price.

Most banks will at any time be ready to loan you \$90 on every \$100 you own in Liberty Bonds.

**Exchangeable For Later Bonds or Higher Interest**

Should it become necessary later on for the government to issue more bonds at a higher rate of interest, you can exchange these 4% bonds for new ones, turning them in at par plus the interest that has accrued.

**Ten-Five Up to \$5000**

Your Liberty Bonds up to \$5000 are exempt from any taxation except the United States inheritance tax.

**Why Liberty Bonds Are Safe as Gold**

THE first two Liberty Loans amounted to six billion dollars. The revenue from the new war tax—which is practically a tax on luxuries alone—will yield two billion, seven hundred million per year.

If the government were to adopt the war tax which England now has in operation, and extend our tax to the necessities of life, the Treasury Department could raise easily six billion dollars per year, sufficient funds to pay off the entire principal of the first two Liberty Loans in one year.

The wealth of this country available for redemption of Liberty Bonds is almost inconceivable.

*The advertisement contributed by the*

## BEECH-NUT PACKING COMPANY

Makers of BEECH-NUT PEANUT BUTTER, the economical, over-the-counter food—most a luxury—and JIFFY, the national, economical and fast drink. Two food products which will help America conserve her food supply.

Effective display by a mercantile concern in aid of the cause

There is no national aversion to thrift. The first two Liberty Loan campaigns proved incontestably that the American people know how to "save and serve." That they will continue in this self-sacrificing, forward-looking spirit is not to be doubted. They have heard and heeded the President:

"Let every man and every woman assume the duty of careful, provident use and expenditure as a public duty, as a dictate of patriotism which no one can now expect ever to be excused or forgiven for ignoring."

Our war bills, growing heavier as the

climax of the world contest draws nearer, cannot be met, however, by the same measure of thrift that characterized the first months. The United States must reach and surpass the mark set in France and Great Britain. In England, one bank alone, the London City and Midland, reports that its depositors applied for \$451,198,000 of the last war loan, or considerably more than one-half the amount standing to their credit. This may give an insight into the compelling pressure of patriotism upon all classes of persons in England, for the London City and Midland reaches all social ranks. It

Liberty Bonds are a "first lien" on everything of value in this vast country—even our homes.

**Why Every American MUST Save**

THERE is in this country only a certain supply of coal, wood, iron, food, clothes, etc. Our normal demand consumes nearly all of that supply.

Now comes War, with a new, gigantic, extra demand. Our supply cannot meet both our regular demand and the war demand in full. Therefore, one or both these demands must be cut down.

The government cannot cut down, because it must have supply in lavish abundance in order to win the war. Obviously, we, the people, must cut our demand till we leave sufficient for the government.

If we do not cut our demand, the strenuous buying of both people and government will bid up prices on our insufficient supply to heights of hardship. And we the people will be forced to cut down our waste, because we cannot afford to pay the exorbitant prices.

When you save \$2 per week to buy a Liberty Bond, you are really saving \$2 worth of something which you have stopped saving. That \$2 worth of something can be used by the government.

**Why Every American Should Save \$2 per Week for a Liberty Bond**

1. It will furnish money to the government out of your earnings and not out of money you have already saved, or loaned to someone.

2. By saving \$2 worth of something every week, you will be helping create a supply for the government. This supply will keep you from paying exorbitant prices.

3. You will actually make money out of these bonds as a pure business transaction.

4. You will be loaning \$2 a week to help save the lives of our boys at the front—certainly not a hardship.

5. You will be helping to save yourself, your wife, your children, from the brutal slavery of an arrogantocracy.

Every American who refuses to save \$2 a week to buy a Liberty Bond should hang his head in shame. Go to a bank this morning. Deposit your \$2. Only three days more.



## Suppose YOU Were Going Over the Top

Out into night, into the roar of shell fire, through the barbed wire and the mud, into the enemy trenches---would you stop to count the cost?

No, you would go without question because it was your duty. You would not stop to ask about the safety of the undertaking. You would not stop to argue as to the amount of glory you might earn. You would not suggest that some one else be sent in your place.

**You would just go, head down through hell on earth  
because your country asked it.**

But you are not going over the top. You are at home with your friends and your family. You are called upon by your Government simply to lend money to back up the soldiers who will go into the trenches for you in France. Your dollars will save their lives.

You will not even stop to consider that Liberty Bonds are the safest investment in the world.

You will not question the interest rate of four per cent.

**You will not let others come forward with their money while yours lies idle.**

You will act because it is your plain duty (your plain duty at a profit to yourself), because human lives are at stake, because lending money to the Government here today will save human agony on the fields of France, tomorrow.

**You will go to your bank and put every dollar you have saved and every dollar you can borrow at work—at work saving lives and bringing those sons and husbands and brothers home, alive, victorious. Delay costs blood. THE BLOOD OF OUR SONS.**

Contributed by

*The American Tobacco Co.*

**Liberty Loan Committee**  
Second Federal Reserve District  
126 Broadway New York

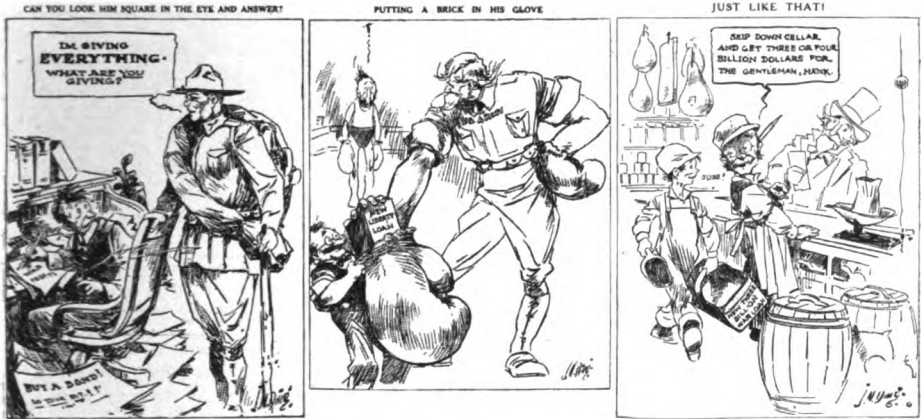
Another contribution from a mercantile concern

must not be supposed that these English subscribers drew all their half-billion from the bank in order to pay for their bonds. Such a step would have resulted in grave trouble. This tremendous total could not have been lent to the Government without the most extraordinary thrift and self-denial.

### . REAL PATRIOTISM

While an incident that happened in a New York bank during the Second

Liberty Loan campaign has a bit of humor, it brings out very clearly the real patriotism in the heart of many an ignorant and poor man. An Italian fruit dealer from the Bowery went to the vice-president of a bank and said that he wanted to buy a Liberty Bond. He explained that a man had been in to see him some days before and had told him about it. In a short time the



Humors of the Liberty Loan Campaign

—Darling in the *New York Tribune*

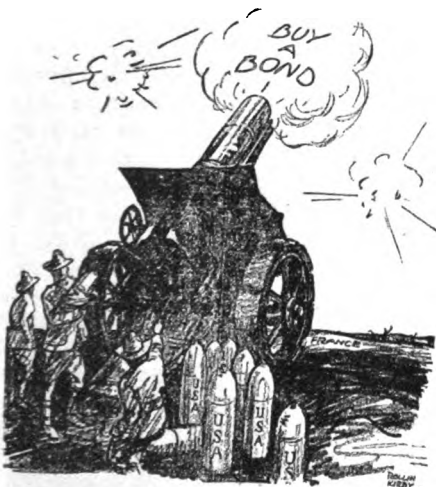
vice-president discovered that he wanted to give one dollar down and pay one dollar per week for forty-nine weeks to help out the Government and he thought he gave this money to the Government, receiving nothing in return but a small poster such as was placed in the window. And he even regretted that he was unable to give more.

## RESULTS ACHIEVED

That the two intensive Liberty Loan campaigns were successful from the

standpoint of selling the bonds is well known, but some of the less obvious results of the campaign were also of great value. Not the least of these was the enlistment of so many bankers, bond salesmen, publicity experts and others in patriotic work. This not only benefited those engaged, but offered a good example to the general public and no doubt greatly helped in adding to those who will take part in future campaigns.

As a further result of these efforts there is bound to be a very large increase in the number of trained investors and of bank depositors as well, while the publicity work will certainly tend to stimulate advertising, so that in the long run all those who participate in pushing the Liberty Loan campaign will benefit directly. This, of course, was not the motive of those who so generously offered their services on grounds of patriotism alone with no thought of gain or reward of any kind, still it is gratifying to know that the energy and ability displayed in these memorable campaigns will not only be of immense service to the Government but will ultimately benefit in a business way the banks, investment houses, publicity men and others by bringing them in closer touch with the people.



"Keep them in ammunition!"

—From the *New York World*



# TALKS ON BUSINESS BUILDING



*by W.R. MOREHOUSE*

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## Unnecessary Withdrawals\*

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**Q**UITE as important as securing new business is the conservation of old business and the prevention of losses by unnecessary withdrawals.

A bank's growth is not determined so much by the volume of business it secures as by the amount of old business retained.

It may gain its thousands in new deposits and its hundreds in new depositors and still the close of the year may find it about where it stood at the beginning of the same period, showing that its apparent prosperity was only fictitious, since big losses of old business have offset big gains.

Our banks are so absorbed in getting new accounts that they have done very little to conserve their old business. In fact, many banks have never considered at all why their old depositors close their accounts and go elsewhere. To such banks the very idea of "conservation of old business" is new.

### WHY CONSERVATION OF OLD BUSINESS?

As has already been stated, conservation is one of several factors that decide the growth of a bank. The quality of a bank's business depends upon conservation, as the patronage of an old depositor is always worth more than the business of a stranger. In the former case, business relations are of years' standing. The old depositor is familiar with the bank's policy and knows what

is expected of him, and what he may expect at the hands of his bank, and he governs his actions accordingly. The bank is also well acquainted with him, having a knowledge of his business reputation and his pecuniary strength. It knows how far it should safely go in serving his every need.

With the "stranger depositor" it is different. There is much preliminary work to be done, involving both time and monetary outlay.

To have amiable relations of long standing severed means not only the direct loss of business to the bank, but the good will and influence of friends. It means the recall of pass books and filing away with the "dead stuff" the records of one who, in many cases, has been counted among the bank's loyal patrons for years. To have an old depositor sever his relations may even mean a serious loss in some cases, if he sees fit to take with him the business of his close friends and relations. He may even go beyond this, and become the bank's enemy. Among a bank's hardest "knockers" are those who were at one time its most zealous "boosters." And since "knocking" is more effective than "boosting," a bank cannot afford to permit dissatisfied persons to sever their relations without seeking to bring about a reconciliation.

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\*From Mr. Morehouse's new book on "Bank Deposit Building," now in press and soon to be issued by the Bankers Publishing Co.

A case which came to my attention recently shows the importance of using great care in conserving business, and especially in all cases where a depositor applies to close his account because of dissatisfaction with the bank. This case is that of a young man who became "peevish" because his bank did not extend to him the special attention to which he felt his station in society and in business entitled him, even though his account was never profitable to the bank, because of the small balance maintained. If the bank had considered the young man's business on its merits, it should have invited him to withdraw his account, but an investigation disclosed the fact that his near relatives, among whom this young man was the leader, had on deposit more than \$40,000. Had the young man been asked to close his account, he would perhaps have taken the others with him, just as he had brought them with him when he opened business relations with the bank. True, a loss of \$40,000 in deposits is not great, yet to replace this amount the bank would need to spend considerable money in advertising.

Furthermore, a loss of this nature is not always confined to one bank. Money withdrawn because of dissatisfaction frequently does not find its way back into another bank immediately, and thus into circulation, but is sometimes locked in safe deposit boxes or hid about the house.

#### PROBING FOR THE CAUSE OF WITHDRAWALS

My bank has for years made it a part of the duty of its tellers to learn why customers close their accounts.

At the close of each day's business, tellers write up a "closed account sheet" indicating among other things the reasons given by depositors for closing their accounts. These tellers have been carefully trained to obtain the desired information by diplomatically questioning each depositor, indirectly but decisively, to bring out the reason for the withdrawal of the account.

There is only one objection to this method of securing the desired information. Sometimes the teller is himself

responsible for the closure of an account. If responsible, it becomes his duty to condemn himself by admitting the facts in the case; and as it is only human for him to want to protect himself, he is tempted to give a fictitious reason.

Unless a bank has tellers of unusual veracity and with an intense sense of duty, it will probably never know of every case where old depositors close their accounts because of discourteous treatment, or a teller's inefficiency, even though daily report of all closures is required. Yet as a matter of fact, cases of dissatisfaction with employees should above all others receive prompt official notice and attention.

#### A CLOSED ACCOUNT DEPARTMENT

A remedy for all cases is provided when the bank establishes what might be termed a "Closed Account Department," and directs that all persons calling to close their accounts do so with the employee in charge of this department.

The "New Account Department" is essential as a channel through which new business comes, and since it is more important to retain an old depositor than secure a new one, it is certainly wise to have a department for the closing of accounts. As the functions of a "New Account Department" are not confined to opening accounts, but also include devising ways and means for getting more new business, so ought the functions for the department of closing accounts be two-fold, viz.: closing accounts, and providing means for retaining business which would ordinarily be lost.

Just as the pulse of a man discloses irregularities of his heart the department will disclose irregularities in the bank's service. There is no better means of testing the quality of service a bank is rendering than to ask those who apply to close their accounts to express themselves on the service rendered. Nothing will show up the leaks in bank service so quickly as the "Closed Account Department" in the hands of a competent person. This department also

exercises a stimulating effect on employees as a body. In fact, this moral effect alone will remunerate the bank for maintaining the department, quite aside from the value of accounts retained.

#### TELLER MAY BE PECULIARLY ADAPTED TO HIS WORK

The teller in a department for closing accounts must be well adapted to handling dissatisfied persons. He must be a diplomat with unlimited stores of patience and forbearance. He must have an unexcelled capacity for tactfulness in winning back to the bank all that has been lost by the inadvertence or misconduct of the teller. And to this must be added personality which inspires confidence, so that his counsel and advice shall have the desired influence with the depositor. He must be able to suffer defeat cheerfully and hopefully, for a few who are determined

to withdraw cannot be retained, and he must assure these of the bank's interest and best wishes for success in whatever they choose to do.

In a genial manner he must assure the depositor that his business has been appreciated, and that it will afford the management pleasure to have the account reopened, making it clear that no rights are forfeited by the withdrawal; that the bank will gladly identify him, cash checks or drafts, and serve him in any capacity as it has been accustomed to do in the past. The success of this department depends entirely upon the teller in charge, for unless he is unusually efficient in all these qualifications, very little can be accomplished.

There is not a bank, whether it expends \$100 or \$50,000 to get business, that is serving its own interests to the fullest extent, until it spends a part of its appropriation and in other ways gives due consideration to a conservation of its old business.



## A Patriotic Call

By FRANK A. VANDERLIP,

President National City Bank, New York

**I**N a French trench a shell exploded. Every man in that trench went down, save one—the young officer in charge. That man stepped up onto the firing bench and looked out and saw coming toward him a charge of German soldiers. That man loved France to his very soul. He could not bear to see another foot of France taken away. He turned to those men lying

in the trench and he shouted: "Dead men, get up!" And, stunned and wounded as they were, enough of them got up so that they manned the guns, drove back the enemy, and held the trench for France. And I feel that Liberty is going to say to all of us: "Get up, dead men! Wake up! So feel in your souls what your duty is that you can do the superhuman thing. Get up and fight this war."

# International Banking and Finance

SPECIAL

**BANKERS  
MAGAZINE**

SECTION

## Practical Questions & Answers on the Trade Acceptance Method

The points on the trade acceptance method, upon which the best authorities in the country are in substantial agreement, are covered in pamphlet, Vol. 11 No. 2—"Practical Questions and Answers on the Trade Acceptance Method."

A copy will be forwarded upon request.

### IRVING NATIONAL BANK

WOOLWORTH BUILDING  
NEW YORK



RESOURCES OVER  
\$100,000,000

STRICTLY A COMMERCIAL BANK

# Special Japanese Finance Commission to the United States

**F**OR several weeks this country was lately favored by the visit of a Special Finance Commission from Japan, headed by Baron Tanetaro Megata and composed throughout of men distinguished as statesmen, bankers, financiers and men of affairs.



**BARON TANETARO MEGATA**  
Head of the Imperial Japanese Special Finance  
Commission

An official statement regarding the mission follows:

"A Special Finance Commission has been established to carry on the work of investigating the financial and economic measures adopted by the foreign powers to meet the exigencies arising out of the great world war, the purpose of its investigations being to fur-

nish Japan with instructive information as to ways and means for furthering the development of the Empire both during and after the war. In pursuance of this purpose persons, officials and private individuals, having ability and experience in the treatment of the subjects concerned, are to be selected from time to time, and charged with this important mission.

"As the first step, Baron Megata, chief of the commission, and his associate commissioners have been ordered to proceed to the United States, the power now most closely related to this empire in many respects. It is with extraordinary determination that the United States has joined in the war. The financial measures which she has adopted for the time of the war, and the economic policies which she has framed for the period to follow the war, have been planned on a large scale and with great foresight, so that they will naturally bring about an entirely new situation in the industrial and monetary circles of the world.

"Therefore, the sending of these commissioners to the United States in order to enable them to observe personally the conditions actually existing in that country and to exchange views with leading American financiers and business men, and so to create between the two nations a better understanding which shall serve to promote the mutual interest of both countries, will not only be instrumental in furthering relations of intimacy between Japan and the United States but also will have the good effect of bringing into clearer light the industrial and financial fields of this empire, both during and after the war. That the United States will hold a dominant position in the money market of the world after the war seems quite certain, and consequently to strengthen the basis of coöperation with her is tan-

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# U. S. Army or Navy Red Cross or Y. M. C. A.

Letters of Credit are the safest and most convenient medium for carrying funds.

During the war we are issuing such Credits, *free of commission*, to officers and men in the U. S. Army and Navy, and to those engaged in Red Cross or Y. M. C. A. work.

*We have also sent our American representative to France for the convenience of our friends, with headquarters at the office of the Credit Commercial de France, 20 Rue Lafayette, Paris.*

## BROWN BROTHERS & CO.

Philadelphia

NEW YORK

Boston

## BROWN, SHIPLEY & COMPANY

Founders Court, Lothbury  
LONDON, E. C.

123 Pall Mall  
LONDON, S. W.

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amount to advancing the economic position of this empire.

"In the selection of the commissioners, comparatively many appointments have been made from business circles, inasmuch as the necessity of making the investigation a combined effort of both Government and people has been keenly felt by the authorities.

"The full names of the members of the commission sent to the United States are as follows: Baron Tanetaro Megata, member of the House of Peers; Mr. Osamu Matsumoto, secretary in the Department of Finance; Mr. Takenosuke Sakaguchi, technical inspector in the Extraordinary Investigation Bureau, Department of Finance; Baron Bunkichi Ito, secretary in the Extraordinary Industrial Investigation Bureau, Department of Agriculture and Commerce; Dr. Seiji Hishida, secretary interpreter of the Government General of Cho-sen (Korea); Mr. Umekichi Yoneyama, managing-director of the Mitsui Bank, Ltd., Tokyo; Mr. Yoshitaro Yamashita, general manager of the Sumitomo Firm,

Osaka; Mr. Chozo Koike, director of the Kuhara Head Office, Osaka; Mr. Kenjiro Matsumoto, representative of the Yasukawa Mining Co., Fukuoka."

### BIOGRAPHICAL SKETCHES OF MEMBERS OF THE SPECIAL FINANCE COMMISSION IMPERIAL JAPANESE GOVERNMENT

Baron Megata's birth, in July, 1853, was contemporaneous, as it were, with the advent of the celebrated Commodore Perry in Tokyo Bay. His boyhood was spent in the restless period of the Imperial Restoration. He was the first student sent by the Imperial Government to America, and the first Japanese to graduate from an American University, his class at Harvard being that of 1874.

His official career, although commenced in the Educational Department and continued for a brief period as justice in the law courts of Tokyo and Yokohama, was chiefly and for many years that of a financial administrator.



Japanese Special Finance Commission

Left to right, standing: Osamu Matsumoto, Secretary in the Department of Finance; Kenjiro Matsumoto, representative of the Yasukawa Mining Company; Yoshitaro Yamashita, General Manager of the Sumitomo firm, Osaka; Umekichi Yoneyama, Managing Director of the Mitani Bank, Ltd.  
 Seated: Baron Bunkichi Ito, Secretary in the Extraordinary Industrial Investigation Bureau, Department of Agriculture and Commerce; Choso Koike, Director of the Kuhara Head Office, Osaka; Baron Tanetaro Mogata, Chief of the Commission; Dr. Seiji Hishida, Secretary Interpreter to the Government General of Chosen; Takenosuke Sakaguchi, Technical Inspector in the Extraordinary Investigation Bureau, Department of Finance.

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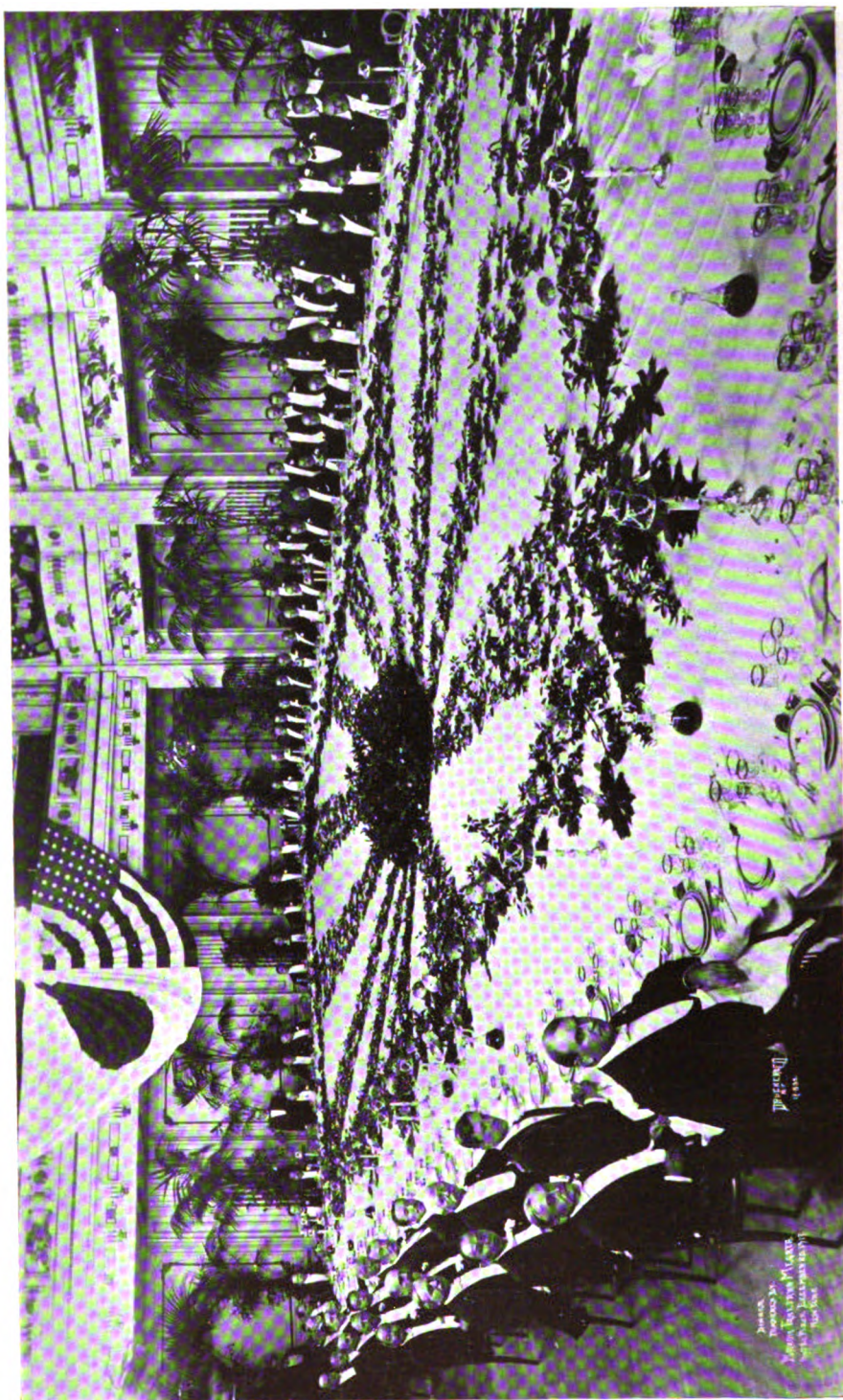
While he was connected with the Finance Department, he held offices of secretary, customs commissioner in Yokohama—the most important seaport in the empire—and director of the Revenue Bureau, and also assumed temporarily the duties of acting vice minister of the department. He was from time to time appointed to commissions for currency reform, customs tariff reform, Tobacco Bureau readjustment, investigation of harbor facilities, etc.

When Marquis Matsukata made an extensive tour of financial and economic investigation in Europe and America in 1902, Baron Megata accompanied him and rendered valuable assistance.

Soon after the outbreak of the war with Russia, Baron Megata was appointed financial adviser to the Korean Government, in accordance with the convention concluded with that government. Before he undertook that post, he was specially appointed by his majesty, the emperor of Japan, to membership in the House of Peers. On arriving in Korea he found the finances

of the peninsula in a state of chronic embarrassment. There was practically no budget, so that the government accounts were often mixed up with those of the Korean Imperial Household, and influential officials of the household often meddled with the state revenues. Official extortion was a common practice in both the central and local government.

Baron Megata first established a budget system by clearly separating the Korean state accounts from those of the household. In order to check official extortion he also recommended a general increase of the salaries of native officials. The currency system in the peninsula was also in a chaotic condition, quite as bad as that of the state accounts. Counterfeit nickel coins which were not only smuggled in by foreigners—Japanese, Americans, Chinese, etc.—but even struck off by the Korean Government itself, simply for the purpose of making unusual profits, swamped the greater part of the peninsula. By Baron Megata's strenuous



Farewell dinner given at the Hotel Plaza, New York, Dec. 20, by Baron Megata, Head of the Japanese Special Finance Commission



## PHILIPPINE NATIONAL BANK

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and untiring efforts, the currency system was reformed and made as good as in Japan. While he was in Korea he also initiated many reform measures in other directions, such as tax reforms, harbor improvements, road constructions, etc.

His services in Korea, prior to and during the protectorate régime of the late Prince Ito, contributed much toward material and moral progress. The financial and economic administration of modern Korea was initiated by Baron Megata.

After he returned from service in Korea in 1907, he was created baron and decorated with a high order of his majesty the emperor. Since then his active service has been in the House of Peers. He has taken a keen interest in all financial bills and is an active member of the committee on army and navy budget.

Mr. Osamu Matsumoto, secretary of the Finance Department, after graduation from the Tokyo Imperial University in 1904, commenced his official ca-

reer in the Finance Department and specially participated in service of readjusting public loans raised during the Russo-Japanese War. As chief of the Treasury section of the Department, he now has charge of matters dealing principally with public finance of the empire in connection with economic subjects.

Mr. Takenosuke Sakakuchi, technical inspector in the Extraordinary Investigation Bureau, Department of Finance, participated in customs administration for many years as Customs Appraiser, Technical Inspector, Customs Reform committee, etc. He was, from time to time, sent to Europe and China to study and investigate customs administration. He is lecturer on customs administration and on commodities in several schools in Tokyo.

Baron Ito, secretary in Department of Agriculture and Commerce—the second son of late Prince Ito, graduated from the Imperial University in 1908, and immediately entered public service in the Agriculture and Commerce De-

partment. In 1910 he was sent to Europe to study economic questions. When Prince Katsura organized his Cabinet in 1911, he made the baron his private secretary. When the Panama-Pacific International Exposition was held in 1915, at San Francisco, the baron was sent as one of the commissioners of the Imperial Government.

Dr. Seiji Hishida, secretary interpreter to Government General Korea. The degree of Doctor of Philosophy was conferred upon him by the School of Political Science of Columbia University, New York, in 1905. As soon as he returned home, after two years' stay in Europe, he was appointed by the late Prince Ito, the First Resident-General of Korea, as one of the commissioners. When Korea was annexed to Japan, he was appointed to his present position by Count Terauchi, who was then Governor-General in Korea. At the time of the Industrial Exhibition commemorating the five years' administration of the new régime in Korea, in 1915, at Keizo, Dr. Hishida was appointed one of the committee members. He is the author of "The International Position of Japan as a Great Power."

Mr. Umekichi Yoneyama, managing director, Mitsui Bank, Ltd., received his higher education in America. Returning home in 1855, he started his business career in the Japan Railway Company. In 1887 he entered the Mitsui

Bank, Ltd. of Tokyo, one of the oldest and largest private banking institutions in the empire. With his characteristic soberness and sincerity, he applied himself assiduously to his duties, winning promotion to his present position. He has made two trips around the world, in 1888 and 1913, respectively, to investigate banking and financial systems of America and Europe. He is also a director of the Franco-Japanese Bank.

Mr. Yoshitaro Yamashita, general manager of the Sumitomo Firm, engaged in consular service at Bombay, Lyons, and London, after graduation from the Tokyo Higher Commercial College in 1892. He was in military service as a volunteer in 1892 and was called to the colors during the Russo-Japanese War (1904-1905). After retiring from the consular service in 1901, he began his business career with the Sumitomo Firm. Later he was appointed private secretary to Marquis Saionji when he was Prime Minister, during 1906-08. Since returning to the Sumitomo Firm in 1908, Mr. Yamashita has taken a leading part in the Firm's business of copper, coal and gold-mining, warehousing, copper manufacturing, electric wire and cable making, steel works, and artificial fertilizer. The bank maintained by the Sumitomo family is also one of the oldest and largest private institutions in Japan, maintaining branches in important commercial centres in Europe and America, as well as in the Japanese Empire.

Mr. Chozo Koike, director of the Kuhara Head Office, graduated from the law department of the Tokyo Imperial University in 1896, and entered the Foreign Office service and remained there for many years, until recently—when he was invited by the Kuhara Firm of Osaka to become its director. While in the Government service, he served in Seoul, Peking and London as Attaché to the Legation, secretary of the Legation and councillor of the Embassy. He was also stationed in New York, San Francisco and Umkden as Consul-General. In 1913 he was appointed chief of the Political Bureau of the Foreign Office, which position he occupied until the end of 1916, when

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<b>CAPITAL (Authorized)</b>	- - - - -	<b>\$20,000,000</b>
<b>SUBSCRIBED CAPITAL</b>	- - - - -	<b>15,000,000</b>
<b>PAID-UP CAPITAL</b>	- - - - -	<b>9,000,000</b>
<b>RESERVE FUND</b>	- - - - -	<b>10,000,000</b>

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**ARGENTINA:**—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. **CHILE:**—Valparaiso, Santiago.

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he resigned. He then joined the Kuhara Head Office, which controls Mr. F. Kuhara's mining, shipbuilding and other business enterprises.

Mr. Kenjiro Matsumoto, representative of the Yasukawa and Matsumoto Corporation, studied political economy and finance during 1891-4 at the University of Pennsylvania. Since returning home in August, 1894, he has devoted himself to his father's coal mining business in Kyushu. He was, though the eldest son of Mr. Yasukawa, a well known business man in Kyushu, adopted by his uncle of the Matsumoto family. These brother-families organized the Meiji Mining Company, the Meiji Spinning Company, the Imperial Foundry Company, Ltd., Wakamatsu Deposit Bank, Ltd., the Wakamatsu Harbor Works Company, Ltd. Mr. Matsumoto now holds the position of vice-president, president or director of these companies.

In 1907 Mr. Yasukawa and Mr. Matsumoto conjointly founded a technical college called the Meiji Semmon Gakko, and they contributed three million three hundred and fifty thousand yen as an endowment fund.

Prior to his departure from this country, Baron Megata gave a farewell dinner at the Plaza Hotel, New York, December 20, the guests including a number of well-known bankers and others. A. B. Hepburn, chairman of the board of the Chase National Bank, New York, acted as toastmaster. Brief addresses were made by Mr. Hepburn and by Baron Megata, and other members of the commission. Referring to his efforts to secure a removal of the embargo on gold exports from the United States to Japan, Baron Megata said that the commission had found that if they could not obtain the gold from our mines, they could take back with them the gold from our hearts.

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## Italian Exchange and Italy's Financial Future

By LUIGI CRISCUOLO

[Mr. Criscuolo is financial editor of "The Independent," and has been known in the financial district as a financial analyst for a number of years. He has contributed articles on finance and railroad reorganization to the "Financial World," "Magazine of Wall Street," "Moody's Magazine," "Bankers Magazine," "New York Tribune," "Il Carroccio," "The Annalist," "Commercial and Financial Chronicle," etc.]

He is vice-president American Association of Financial Statisticians and Managing Editor, "The Financial Statistician," which appeared last month.

At the request of the Treasury Department he wrote an appeal addressed to Italians in the United States to buy Liberty Bonds, which appeal was published in practically all of the Italian newspapers in the United States. He was chairman of the Italian Committee for the Second Liberty Loan in the Second Federal Reserve District.]

**A**FTER a long controversy between the Italian Government, bankers and merchants the question of preventing the total demoralization of Italian exchange has led to the recent establishment in Italy of a National Institute of Exchange. The institute will be under the direction of the Hon. Francesco Saverio Nitti, Minister of the Treasury, whom many Americans will remember as one of the most eloquent among the members of the Italian Mission which visited us last June. The purpose of the institute is to reduce speculation in Italian exchange and to regulate the exportation of national bonds, while all foreign banking transactions must be registered with the institution.

The writer's last article on Italian industries and finance evoked so much interest both here and abroad that it has seemed opportune to say something relative to the stabilization of Italian exchange. So far as can be ascertained by a purely cursory study of the matter, and in the absence of detailed statistics regarding Italy's

foreign trade, the fact remains that the principal factor which has tended to depreciate lire has been the adverse balance of trade which has been apparent since the war began. That is to say, from 1915 and onwards Italy has been importing an enormous amount of products from the United States, while the exports from Italy to the United States have decreased to an alarming degree. The same condition is said to exist with respect to Italy's trade relations with other countries, although it has not been possible to secure statistics to verify the assertion.

In order to give one an idea of how the balance of trade has worked between Italy and the United States in the past decade, the annexed tabulation from the Statistical Abstract of the United States may be interesting.

It is obvious that the figures for 1916 and 1915 show enormous increases, due to war conditions, of the war exportations from the United States into Italy.

For some months the United States Treasury Department has been taking care of the financing of Italy's require-

VALUE OF MERCHANDISE IMPORTED INTO AND EXPORTED FROM THE UNITED STATES, ETC.  
ITALY

Year ended June 30	EXPORTS		IMPORTS			Excess of exports (+) or imports (-)
	Domestic	Foreign	Total	Dutiable	Total	
1907	\$61,137,155	\$609,310	\$61,746,695	\$37,474,092	\$30,455,157	+ 11,991,809
1908	53,599,773	617,621	54,217,394	27,165,683	44,814,174	+ 9,373,980
1909	58,078,454	431,141	58,509,595	25,894,908	49,287,894	+ 9,991,701
1910	53,048,326	418,727	53,467,053	30,752,131	49,868,367	+ 3,598,686
1911	59,993,525	587,241	60,580,766	30,784,361	47,394,809	+ 13,945,957
1912	64,892,006	369,262	65,261,268	31,724,228	48,098,529	+ 17,232,739
1913	75,554,103	731,175	76,285,278	35,234,423	54,107,364	+ 22,177,914
1914	73,737,526	497,486	74,235,012	40,644,301	56,407,671	+ 17,397,341
1915	183,208,124	1,613,564	184,819,688	38,240,728	54,973,726	+ 129,845,962
1916	267,558,732	1,687,373	269,246,105	35,714,713	57,432,436	+ 211,813,669

## American Finance in War Time

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ments for purely war purposes and for some time this tended to hold lire exchange around 7.30. This was very far from the normal rate and not at all in comparison with the rates for sterling or francs, which have been kept near parity by artificial means adopted by the respective governments. In the past few months lire reached a low of about 8.93 on account of the Italian reverses at the Austrian front and while this figure was changed to about 8.00 or better after the reverses were changed into an offensive, more depressing war news caused the rate to drop to around 8.30 or thereabouts.

### DIFFICULTIES OF THE SITUATION

Ordinarily the exchange rate could be remedied by the exportation of gold or commodities, or by the securing of a large credit in the country in whose favor the trade balance happens to be

The United States is now in possession of a very large amount of gold and it is an open question as to whether or not such a great accumulation is entirely desirable. Italy is not exporting such staple commodities as cheese, oil, macaroni, etc., because it is claimed that they are needed by her armies. A commercial credit, which could solve the problem, would depend entirely upon the willingness of American bankers to make a study of Italian economics with a view to making a very large profit with a little risk. The chances are against any favorable attitude on the part of American bankers until more is known here regarding what development Italy has made, both industrially and financially, in the past fifty years, which really amounts to her whole life as a nation.

While the United States Government has an interest as an ally of Italy in keeping her supplied with funds and munitions of war, especially since both nations are now at war with Austria, it really has no direct interest in stabilizing the exchange rate, since such an operation would require many millions of dollars yearly. As it is a speculative proposition, it is doubtful whether the government would care to take part in it, although it might give its sanction to any strong group of bankers which would undertake to handle the operation.

Such an operation is not without its hazards. Let us take the case of Rus-

sia as an example, although it will hardly represent a parallel case. Russia is a country with enormous natural resources and man-power but little financial strength, while Italy has a limited territory, a great deal of man-power, little mineral wealth, but an undeveloped industrial field in the *meridionale* is worth pointing out as a possibility for exploitation. American investors were shown about a year ago the advisability of buying Russian roubles or internal bonds with a view to making a very large profit as roubles advanced from 33 to a normal rate of 52. Many wise men were none too anxious about the speculation, although it was well-sponsored by prominent banking firms, because they feared that although Russia was economically rich, her political status was unsound. When roubles started to decline until they reached below 13 during the upsetting of the Kerensky Government, it was easily comprehended that the political status was the crux of the whole Russian financial situation. The Russian experience would deter many from speculation in millions of lire, although there is no relationship between Russian and Italian economics or individual temperament.

The first Liberty Loan took up two billion dollars while the second realized something under four billions. War savings certificates to the amount of two billions are in process of sale and it is said that the next issue of Liberty bonds will amount to five billions. With these enormous requirements in view, it seems that even if the Government did not frown upon bankers who might want to take a very large credit from Italy in order to stabilize exchange, the bankers themselves would not be inclined to be too keen on the speculation because the investment business has been practically at a standstill on account of Government demands and general uncertainties in the financial situation.

In ordinary times, a banking credit would be the logical solution, but from impressions gained in the past few months, the time is not opportune. It is, obviously, a question that should be

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watched very closely and this work should be performed by a group of men who are competent in their respective vocations: bankers, business men and writers on economic subjects.

For the past few months Italian newspapers and periodicals have published many criticisms of bankers who encouraged speculation in lire and of the Italian Government officials who took no steps to stabilize the rate by artificial means such as have been employed in other countries. It is the writer's opinion that at this time a great deal can be done in the United States to strengthen Italy's financial position, with great future profit to American financiers, merchants and manufacturers. The work should be conducted through some sort of coöperation between the Italian Embassy and a group of bankers through a financial attache who is familiar with American financial methods and who could interest American capitalists in what Italy has to offer.

A number of New York merchants have recently voiced the opinion that the exchange situation should be remedied. One of them writing in "Il Carroccio" recently stated that France, Spain and even Argentine were robbing Italy of her markets here for cheese, oil and other products, so that after the war Italy will have to begin anew to create markets here which she had already been developing before the war began. One writer said that one reason for the depreciation of lire was the fact that many Italian merchants quoted prices for products in dollars

instead of lire, which caused a demand for dollar exchange and just so much less demand for lire, thus causing a depreciation in the latter.\*

Italy seems to be one of the few nations which is paying more attention to the war as a conflict to regain her lost provinces than to the economic aspect. While Italy allows sentiment to play the most important part in her war, England, France and the United States are all realizing the importance of keeping their economic machinery in good working order.

#### **OPPORTUNITY FOR AMERICAN BANKERS**

The future of Italy may be linked with that of the United States if only American bankers will take the trouble to look into the possibilities which she has to offer. The amount of interest there is in Italy with respect to American capital can best be shown by the fact that following the publication of the writer's first article on Italian finance and industries in this MAGAZINE last July\*\*, he received propositions from Italian interests aggregating fifty million dollars for electric railway and hydro-electric construction. The article is commented upon at length in the "Revue Financiere & Economique d'Italie," which is the leading financial authority in Italy and the leading factor in spreading propaganda for the securing of foreign capital to develop

\*G. B. Vitelli, "Il Carroccio," Nov. 1917, page 423.

\*\*"Opportunities in Italy for American Capital."

Italian resources, other than German capital. The writer hopes that this article may rouse American bankers and

capitalists to the realization that there is a great necessity for thought on international lines at this moment.



## London and River Plate Bank, Limited

**T**HIS bank, whose head office is situated in London, at 7 Princes street, E. C., was registered in London in September, 1862, under the name of the London, Buenos Aires and River Plate Bank, Limited, with a capital of £500,000, of which £200,000 was called up.

In November, 1863, the capital was increased to £1,000,000, and in 1865 to £1,500,000, of which £600,000 was paid up.

In 1889 and also in 1891 £2 10s. per share was paid up out of profits, making each share £15 paid, thereby increasing the paid-up capital to £900,000.

In 1907 a further 20,000 shares were issued, and in 1912 a further 40,000 shares were issued, increasing the paid-up capital to £1,800,000, the reserve fund being increased to £2,000,000.

The dividends paid since 1897 have been as follows:

1897-1901, inclusive, 20 per cent. each year; 1902-03, 18 per cent.; 1914, 19 per cent.; 1905-13, inclusive, 20 per cent. each year; 1914-17, 15 per cent. each year.

It should be borne in mind that the dividends up to 1907 were on a paid-up capital of £900,000; from 1907 to 1912 on £1,200,000; and from 1912 on £1,800,000.

This was the first English Bank established in the Argentine Republic. The Buenos Aires branch was opened in January, 1863, that at Montevideo in July, 1863, and the Rosario branch in June, 1866.

The name of the bank was changed to its present style in August, 1865.

In June, 1885, a branch was opened in Paris, but it was not until January,

1892, that the Bank extended its business to Brazil and opened a branch in Rio de Janeiro. In 1894 branches were opened in Pernambuco and Para.

The agency in New York was established in 1892.

In 1907 the bank extended its business to Chile and a branch was opened in Valparaiso, followed by one in Santiago in 1917.

At the present time the bank has thirteen branches in Argentina, four in Uruguay, nine in Brazil and two in Chile, besides the branch in Paris and the agency in New York, and also agents in all the other important cities of South America.

A branch was opened in Antwerp in 1911, but has been closed since September, 1914, when the Germans entered the city.

The bank undertakes all classes of banking and exchange business, and issues drafts, letters of credit and cable transfers. Bills of exchange are negotiated, advanced against or sent for collection; current accounts opened and deposits received.

The directors of the London and River Plate Bank are:

E. Ross Duffield, Esq., Chairman; Robert A. Thurburn, Esq., Managing Director; The Hon. Hugo Baring, Kenneth Mathieson, Esq., William T. Brand, Esq., Herman B. Sim, Esq., John G. Griffiths, Esq., M. V. O., David Simson, Esq.

The London bankers for the institution are the Bank of England and the London County and Westminster Bank.

W. R. Robbins is in charge of the New York agency of the bank, at 51 Wall street.

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1880 .....	1,640,000	740,000	1,726,014	2,832,460	84,459
1890 .....	2,100,000	1,350,000	4,050,509	7,998,677	395,578
1900 .....	2,500,000	1,900,000	8,370,183	17,837,622	253,080
1910 .....	3,300,000	2,500,000	7,972,243	21,144,693	519,752
1913 .....	5,000,000	3,800,000	7,837,121	21,977,917	696,188
1914 .....	5,000,000	3,800,000	10,799,963	19,039,636	545,159
1915 .....	5,000,000	3,800,000	9,519,148	20,581,474	497,675
1916 .....	5,000,000	3,800,000	8,267,245	20,369,464	444,758
1917 .....	5,000,000	3,800,000	9,491,504	23,817,288	455,356

The accompanying figures are given for purpose of comparison:

### SHAREHOLDERS' MEETING

The fifty-fifth ordinary meeting of shareholders of the London and River Plate Bank was held in London, December 18, E. Ross Duffield, the chairman, presiding. The directors' annual report showed the balance of earnings available to be £563,356, including £228,758 brought forward from last year. Out of the earnings a dividend

added to the June dividend, made a total of fifteen per cent. for the year on paid-up capital. There was carried forward to new account £293,356.

In his address Mr. Duffield stated that no provision had been needed during the year for depreciation in the value of securities. Mr. Duffield also called attention to the fact that Robert A. Thurburn, managing director, had recently completed fifty years of service with the bank. Mr. Thurburn stated that when he joined the bank it

was in its infancy, having been in existence but three years. There were then but three branches in the River

Plate country, against thirty now extending through the South American continent.



## Reciprocity in International Banking

**T**HE articles on the above subject appearing in recent numbers of *THE BANKERS MAGAZINE* continue to attract attention. In a recent letter, M. Fainberg, agent of the Moscow Narodny Bank, sends his personal views on the subject, which are presented below:

"Your article in the August *BANKERS MAGAZINE* states, in my opinion, the whole case of reciprocity in international banking, your arguments being (1) the possibility of restrictions on the part of foreign countries, if reciprocity is refused in the United States; (2) the foreign branches can more effectively serve the special trade and financial interests they represent; the liberalization of banking within safe lines results in a general gain all round, and in this gain all the banks share.

"It remains for every foreign bank to explain how the second part applies in its particular case.

"The Moscow Narodny (People's) Bank was established in 1912 for the purpose of rendering financial aid to Russian coöperative societies. It is a coöperative bank whose shareholders are coöperative societies (there are in Russia about 50,000 coöperative societies, with a membership of over 15,000,000 households). Deposits from private individuals are accepted, but loans are made only to coöperative organizations.

"There are over 16,000 coöperative credit unions in Russia, acting as local banks and buying and selling organizations for their members. Accordingly, the Moscow Narodny Bank, apart from being the financial center of the Russian coöperative movement, obtained the permission of the Government to

open a goods department for the wholesale purchase, sale, export and import of goods required by the coöperative societies. The department has dealt in agricultural machinery, binder twine, insecticides, fungicides, fertilizers, seeds, flax, eggs, maize, hay, cattle, pigs, turpentine, resin, etc.

"It is easy to see that the Moscow Narodny Bank is serving special trade and financial interests. Through numerous inspectors, auditors, local representatives, branches and business relations with the great majority of Russian coöperative societies, of whom many are direct shareholders in the bank, the bank can ascertain the needs of the societies and serve them better and safer than any other, especially a foreign bank, can ever attempt.

"There is a possibility that our coöperative societies will be able to export different goods to America; e. g., sugar beet seeds, flax seeds, furs, hog-hair, tobacco, toys, laces, leather, etc., and they will buy here, as they are already buying, a huge amount of agricultural machinery, binder twine, chemicals, dairy implements, tractors, typewriters, etc.

"What American bank will finance this trade? Where can it get information on the standing, for example, of a flax growers' coöperative society of a certain part of Russia? If the Moscow Narodny Bank had the right to accept deposits here, the proceeds of export by our coöperative societies to America would be used to finance purchases in this country, to the mutual advantage of Russia and America. Suppose Russian coöperative societies would keep their funds in American banks, would an American bank be

# *An Advertisement Addressed* **To BANKS**

THE EQUITABLE TRUST COMPANY of  
NEW YORK has evolved an entirely new  
and more economical method of distrib-  
uting securities known as the *Equitable*  
*Co-operative Service*.

If you are now maintaining a  
bond department this service  
will aid you materially.

If you are contemplating  
the organization of a bond de-  
partment this CO-OPERATIVE  
SERVICE is just what you re-  
quire in building a local in-  
vestment clientele rapidly and  
economically.

What are the features of this  
*Equitable Co-operative Service*?

- ① The supplying of comprehensive sales  
and promotion campaigns for your  
use locally.
- ② Participants receive an equitable share  
of profits.
- ③ No restrictions are placed upon par-  
ticipants—the relation is flexible  
enough to meet all conditions.
- ④ It opens up new avenues of develop-  
ment and increases the volume of  
your bond business.

IT is possible for us to offer this service because  
it is standardized and its cost is distributed over  
many units. The service is without obligation.  
Your selling Co-operation makes the plan mutu-  
ally profitable. We have prepared a booklet giv-  
ing full particulars of *The Equitable Co-operative*  
*Service and the Conditions of Participation*.

*Send for this booklet "F" 200*

THE EQUITABLE TRUST CO. of NEW YORK  
*Bond Department 37 WALL STREET N Y*

ready to accommodate his customer, when the latter asks for credit? The credit of a coöperative organization is, more than any other credit, based on intimate knowledge of the activities and membership of the society, and what chances have American banks to learn about it?

"The 70,000,000 of the Russian population belonging to the coöperative movement will need foreign capital. The Moscow Narodny Bank here could

make acceptances for the purchases of coöperative societies in the United States, discount their bills with American banks, arrange loans for big coöperative enterprises, such as constructions of grain elevators, etc.

"It seems to me that our case bears out your opinion that the liberalization of banking, within safe lines, would result in a general gain all round, not only to American producers and consumers, but to American banks as well."



## Important British Bank Merger

**T**HE process of bank consolidation has been going on in Great Britain for some years, and has now proceeded so far that the country possesses but a small number of banks. The latest merger is that of the National Provincial Bank of England and the Union of London and Smith's Bank. Commenting on this amalgamation, "The Statist" characterizes it as the most important that has taken place in the banking history of the United Kingdom. Both institutions concerned are members of the London Clearing House, and both have made substantial progress in recent years. The National Provincial has built up a big business mainly by opening branches in various parts of the country, particularly in the manufacturing districts of the North and Midlands. Further, it has only comparatively recently developed a foreign business; the latest move in this direction being the arrangement entered into with Lloyds Bank Limited for joint control of a subsidiary operating in France. The Union of London and Smith's has a valuable London connection, a large business in the western counties, and has built up a good foreign business. A good deal of the growth of business of the Union of London has been due to absorptions of important private and other banks.

Between 1900 and 1910 the deposits of the Union Bank, it will be noted,

more than doubled, but this was due in large measure to absorptions. Since 1910 the deposits of the Union Bank have expanded by about 30 per cent., that is, taking the figures at the end of June last and ignoring any subsequent improvement. During the same six and a half years, during which time the National Provincial has made no acquisitions of other banking businesses, its deposits have risen by £30,607,000, or by 46 per cent. At the end of December last the deposits of the two banks amounted to £156,455,000, but in consequence of transfer of a good deal of money to Government loans they were temporarily reduced to £148,654,000 at the end of June. Renewed growth has, however, occurred during the current half-year, and it would not be surprising to find that the new institution will commence operations with deposits of about £170,000,000.

The new undertaking will have a paid-up capital of £5,476,884, instead of £6,554,785 possessed by the separate institutions; it will have a reserve fund of £2,950,000 and possibly more if transfers thereto are made from the current year's profits; its deposits may be about £170,000,000, and its total assets are likely to exceed £182,000,000, compared with £173,000,000 at the end of 1916 and £162,000,000 on June 30 last. According to the statements

# BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office: HELSINGBORG, Sweden

Branches: STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 48 other  
Places in Sweden

(\$0.26 = 1 Kr.)

Capital Paid Up . . . . . Kr. 30,000,000

Surplus About . . . . . Kr. 15,000,000

Resources About . . . . . Kr. 260,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

*Inquiries and applications for terms are cordially invited and will find prompt attention*

Principal New York Correspondents { The Mechanics & Metals National Bank  
The National City Bank of New York

made up on the latter date the position of the two banks was as shown herewith:

The new title of the merged banks will be the National Provincial and Union Bank of England, Limited.

	Nat. Prov.	Union of London.	Combined Banks.
No. of shareholders, Dec. 31, 1916.....	19,652	Over 10,500	Over 30,152
Capital—	£	£	£
Authorized .....	15,000,000	25,000,000	40,000,000
Subscribed .....	15,900,000	22,934,000	38,834,100
Paid up .....	3,000,000	3,554,785	6,554,785
Reserve fund .....	1,800,000	1,150,000	2,950,000
Acceptances .....	1,615,809	2,269,114	3,884,923
Deposits, etc. ....	95,749,791	52,904,490	148,654,281
Cash in hand, etc. ....	14,153,633	8,944,577	23,098,210
Money at call, etc. ....	7,611,677	5,291,916	12,903,593
Investments .....	27,126,557	15,792,702	42,919,259
Bills discounted, advances, etc. ....	50,814,713	25,566,691	76,401,404
Liabilities for acceptance .....	1,615,809	2,269,114	3,884,923
Bank premises, etc. ....	843,211	1,993,389	2,836,600
Total .....	102,165,600	59,878,389	162,043,989



## The United States and New Zealand

THIS is the subject of an illustrated booklet recently issued by the National Bank of Commerce in New York, giving information about trade between the United States and New Zealand, and from which the following extracts are taken:

"The changes in trade routes occasioned by the great war have greatly favored the export business of the United States. The National Bank of Commerce in New York has issued a

statement which discusses the development of American trade with New Zealand, from the beginning of 1915 until the present.

"New Zealand embraces a small area, being only about twice the size of New York State. Its total population is somewhat over one million persons, greater than that of St. Louis, but half a million less than that of Philadelphia. About one-third of the population is centralized in the four

main towns: Auckland, Wellington, Christchurch and Dunedin. The remaining two-thirds are widely scattered.

"New Zealand offers a relatively small market. Nevertheless, the imports from American sources for 1915 were valued at about twelve and a half million dollars while by 1916 they had increased to a total of only a little less than nineteen million dollars. Apparently the total for 1917 will be about that for 1916, as New Zealand received from us, during the first six months of this year, imports valued at somewhat over nine million dollars.

"During the year 1915, imports of American origin constituted twelve per cent. of all imports into that country. During 1916, our share had expanded to fifteen per cent., while for the first six months of 1917 our share was eighteen per cent. of the total. We have made this gain partly at the expense of Great Britain and Canada, and partly because we have been able to pre-empt the places formerly occupied by France, Sweden, Netherlands and a few other countries, for all of which the individual valuation was low, but which together constituted a rather large share of the New Zealand total.

"An interesting feature of the New Zealand foreign trade is the fact that Japan shows certain tendencies to advance into that market. During 1915 imports from Japan were a little in excess of one per cent. of the total. In 1916 they constituted two per cent., and in 1917, three per cent. Thus, while the relative proportion is not large, the rate of gain was rapid.

"Geographically, New Zealand is so located that we have a fair chance so far as distance is concerned. From Wellington to Liverpool it is about 11,500 miles, via the Panama Canal. From Yokohama, via Sydney, it is a little less than 6,000 miles. It is somewhat over 8,500 miles from New York, via the Panama Canal, while from San Francisco via Samoa and Honolulu, it is about 6,000 miles. San Francisco and other American ports have the advantage of distance over any of our important competitors except Canada and Japan, the distance from Vancouver being practically the same as that from San Francisco. As the Pacific coast develops as an industrial community, American products should be able to go into the New Zealand market and hold it."



## Anglo-South American Bank, Ltd.

**A**T the twenty-ninth annual general meeting of this bank, recently held in London, Sir Robert Harvey, the chairman, thus referred to the bank's profit-earning capacity:

"I have previously directed your attention to the fact that our profit-earning capacity depends very much on the margin of interest obtainable in South America over that current here, and as there has been a plethora of money in the principal countries of that continent, and more particularly in Argentina, you will recognize the increasing difficulty which has been ex-

perienced in maintaining our gross profits by the medium of business in local advances and discounts. This difficulty has been increased by the fact that, as such loans and discounts are principally based upon the importation of commodities, in which there has been a very large decrease during the period of the war, there was a great restriction in the amount of sound business offered. As an indication of the increase in the amount of money available, I may mention that the deposits held by the banks in the Argentine now total about \$1,800,000,000, as against

# THE BANK OF CHOSEN

*Incorporated by Special Charter of Imperial Japanese Government*

(\$0.50 — 1 Yen)

**Subscribed Capital, Yen 20,000,000**

**Paid-Up Capital, Yen 12,500,000**

**Head Office, Seoul, Korea**

***Principal Branches:***

**KOREA:** Chemulpo, Pyongyang, Wonsan, Fusan

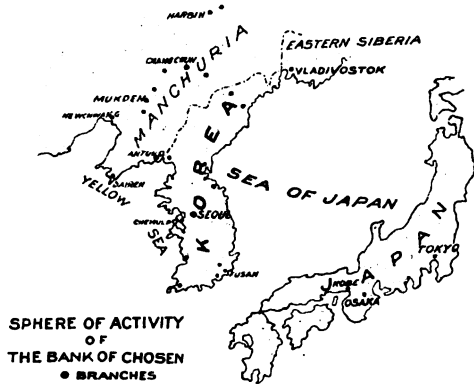
**MANCHURIA:** Mukden, Tieling, Liaoyang, Ryojun (Port Arthur), Dairen, Changchun, Newchwang, Harbin, Antung

**JAPAN:** Tokyo, Osaka, Kobe

**CHINA:** Tsingtau

*Affiliated Bank:*

**VLADIVOSTOK:** Matsuda Bank



***Principal American Correspondents:***

Guaranty Trust Company of New York  
Irving National Bank, New York  
National City Bank of New York  
National Bank of Commerce in New York

Yokohama Specie Bank, New York and San Francisco  
Canadian Bank of Commerce, San Francisco and Seattle

\$1,500,000,000 a year ago, and \$1,200,000,000 in 1914 before the outbreak of war, and we have enjoyed our full proportion of the development. Happily, the decreased earning power in local advances has been compensated by opportunities in other departments of our business, and we are pleased to tell you that besides the ordinary commercial transactions we have continued to obtain a fair share of the finance of the shipments of commodities necessary for the use of our own and the Allied countries in foodstuffs, raw material, nitrate and metallic substances necessary for national purposes, the value of which—already large during the year ended June, 1916—has again considerably increased during the period now under review.”

The report presented at the above meeting showed net profits of £320,031, to which was to be added £140,785 brought forward from last report. After paying an interim dividend, additional remuneration to directors, and allotting £10,000 to staff, pension and

guarantee funds, and £25,000 bonus to staff, £100,000 was added to the reserve fund and £154,966 carried forward to next account.

From the balance-sheet as of June 30, 1917, it is learned that current, deposit and other accounts were £14,114,982, and total assets £25,659,834.

The head office of the Anglo-South American Bank, Ltd., is in London, and there are branches in France, Spain, Chile, Argentina and Uruguay. The New York agency of the bank is at 60 Wall Street, in charge of John Cone, Esq.



## Economic Conditions in Chosen and Manchuria

UNDER the title of “Economic Outlines of Chosen and Manchuria,” the Bank of Chosen, whose head office is at Seoul, Chosen, has published a booklet containing much valuable information about that part of the world.

Accompanying the book is the following interesting statement respecting the Bank of Chosen, under date of December 10:

"The Governor and Directors of the Bank of Chosen have pleasure in making known that an improvement of a rather remarkable character has taken place in the status of the Bank in Manchuria. A fortnight ago, the Bank of Chosen, with all its influence, was nothing but an ordinary commercial bank in Manchuria, with no special privilege granted to it, but it has now come to enjoy much the same position as it does in Chosen, that is, to play a rôle of a central bank, so far as Kwantung Province and the South Manchuria Railway Zone are concerned.

"By virtue of the Imperial Decree No. 217, dated November 27, 1917, the Bank of Chosen notes were proclaimed to be, on and after the 1st of December, 1917, the sole legal tender throughout the length and breadth of Kwantung Province and the South Manchuria Railway Zone in Manchuria, and as a result thereof all the Yokohama Specie Bank Gold notes then circulating in Manchuria were, on the same date, taken over by the bank, to be gradually replaced by the Bank of Chosen notes.

"In addition to the above privilege, it has been decreed that the Treasury business of the Imperial Japanese government in Manchuria, now conducted by the Yokohama Specie Bank, shall be transferred to the Bank on the 31st of December, 1917.

"In consequence of the above changes, the Bank of Chosen will succeed to the business of the Yokohama Specie Bank on and after January 1, 1918, in the four following places: Antung, Tiehlin, Liaoyang and Ryojun (Port Arthur). This will result in an addition to the bank of three more branches in Manchuria, that is, Tiehlin, Liaoyang, and Ryojun, thus bringing the number of its Manchuria branches up to 14, with increased business for its Antung branch.

"It is the earnest desire of the board

of directors that the increased power and influence thus acquired by the bank in Manchuria will result in greater facilities being afforded by it to all those with whom it has the pleasure of transacting business."



## Increased Foreign Facilities

**D**ISCUSSING "America's Foreign Trade," Francis H. Sisson, vice-president of the Guaranty Trust Company of New York, tells what that institution has done to enlarge its foreign facilities.

"Foreseeing the necessity for greater participation in foreign financing than was afforded by its London office and other facilities, the Guaranty Trust Company opened its Paris branch last June. The Guaranty also has become interested in the Mercantile Bank of the Americas, which has established branches in Paris, Genoa, and Barcelona, as well as having organized banks of its own in Peru, Venezuela, Brazil, Nicaragua and Colombia. This will enable this company to assist very materially in financing exports and imports for American business interests during and after the war.

"Other banking institutions also are reaching beyond our own shores, and their offshoots abroad collectively will constitute an opening wedge for American business. They will be potent factors in maintaining and increasing our financial and commercial supremacy.

"Furthermore, they will afford the manufacturer far better facilities to ship goods direct, without the intervention of shipping or commission merchants, thereby enabling him to compete to better advantage in foreign trade."

Banks which have no connections abroad, and are unable to handle this business, must be served by the banks and trust companies with established branches in foreign lands. Moreover, a bank of international position is better acquainted with the demands abroad,

# American Manufacturers

seeking a location in Canada will find it of particular advantage to consult with the New York Agency of the Union Bank of Canada. This bank has

**310 Branches and Agencies  
Throughout the Dominion**

Information given respecting best locations, sites, labor conditions, transportation facilities, etc. Negotiations and enquiries conducted in strict confidence.

## Union Bank of Canada

**Head Office, Winnipeg**

**New York Agency  
49 Wall Street**

**Capital and Surplus, \$8,500,000**

**Geo. Wilson } Agents  
F. T. Short }**

the prices of commodities, and market conditions. Its fund of accurate information, in fact, is of the utmost value to exporters and importers. Also, owing to its extensive relations with financial institutions all over the world, and its necessarily intimate and exact knowledge of the world-wide movements of exchange, it is able to offer the maximum of accommodations to its customers.



### Industrial Bank for Peking

**PLANS** for the new Industrial Bank to be established in Peking are maturing, and it is learned now that Mr. Hsiung Hsi-ling, who has held many important posts under the republic, has accepted the post of director-general of the bank. This new bank is being established with a view to the industrial promotion of the country, and is to be capitalized at \$20,000,000, \$16,000,000 of which is to be subscribed by merchants, and the remainder

by the government. It was at first proposed to let the merchants and the government each take half of the subscription, but on further consideration it was decided that the merchants should have a controlling voice in the management of the bank's affairs. Every effort will be made to maintain stability in the functions of the new bank, and it is already agreed that politics shall in no way enter into its management.



### Proposed British Decimal Coinage

**DECIMAL** coinage for Great Britain is proposed in a statement issued by the British Decimal Association. This statement sets forth reasons for the adoption of such a system, explains its operation and shows how the change can be effected. The association finds it satisfactory to be able to record that the Institute of Bankers, the Associa-

tion of Chambers of Commerce of the United Kingdom and the Decimal Association, after mature deliberation in joint conference, are all now agreed that a convenient system is available without interference with the existence of the £1 sterling, unchanged in weight and fineness, as the monetary unit.

The unsuitably steep grading of the present coins has, in fact, proved a source of hardship, says the statement, especially to those who are obliged to purchase food and other daily necessities in small quantities, and the proposed "mil" coinage would therefore fulfill the demand for a system of coinage which would facilitate the adjustment of prices for goods or services in finely graded steps to correspond more closely with fluctuations in cost. For these reasons the retention of the existing £1 sterling as the monetary unit and its division into 1,000 parts, called mils, is recommended.



### Western Australian Bank

**A**T the one hundred and fifty-second half-yearly general meeting of the Western Australian Bank, held at Perth, November 7, a report was presented showing that the net profit, after providing for bad or doubtful debts, for rebate on discounted bills current, for interest on deposits, and for all expenses of management, was £27,715 17s. 4d.; balance from previous half-year £13,369 15s. 4d.; total, £41,085 12s. 8d. From this the directors resolved to pay a dividend of £1 per share, free of state dividend tax, £25,000; to carry forward, £16,085 12s. 8d. The reserve fund is now £700,000.

In presenting the report the chairman, Mr. S. F. Moore, called attention to the fact that the nature of the bank's business had not varied much on account of the war, and that the directors had taken care to keep operations within safe lines.

As shown by the balance-sheet of

September 24, the paid-up capital of the Western Australian Bank was £250,000; reserve fund, £700,000; profit and loss, £41,085; deposits, £2,554,455; total resources, £3,545,541.



### Ernesto Tornquist & Co., Limited

**P**ROSPEROUS conditions generally were revealed in the eleventh annual report of Messrs. Ernesto Tornquist & Co., Ltd., presented at the shareholders' meeting in Buenos Aires October 31. Net profits of the company for the last year were \$1,593,510. Five per cent. of this was added to the legal reserve fund, dividends of six per cent. were paid on both the preferred and ordinary shares, and a second dividend of six per cent. to ordinary shareholders; two per cent. was distributed to the auditors, and forty per cent. to directors. There was allotted to the extraordinary reserve fund \$400,000. The amount carried forward to new account was \$173,172.

Crop prospects in the Argentine were good at the date of the report, commercial failures are declining, and all the elements of the situation suggest continued improvement of business conditions.



### Royal Bank of Scotland

**O**UT of net profits of £303,981 for the past year, the Royal Bank of Scotland paid two dividends at the rate of ten per cent. per annum, wrote off £10,000 as expenditure on bank buildings and heritable property, applied £30,000 to pension reserve fund, and added the balance, £113,981, to the rest account.

From an abstract of the bank's affairs October 13, 1917, it is learned that the capital is £2,000,000, and the rest account £914,968; deposits £26,177,865, and total assets £32,864,160.

The Royal Bank of Scotland (head

# MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY, President      K. M. VAN ZANDT, Jr., Vice-President and Manager      H. C. HEAD, Cashier      FCO. COUDURIER, Asst. Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

GENERAL BANKING TRANSACTED

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Foreign Exchange

Unsurpassed Collection Facilities Throughout the Republic

SEND US YOUR MEXICO BUSINESS

WRITE US UPON ANY SUBJECT WHICH MAY BE OF INTEREST TO YOU IN THE  
REPUBLIC OF MEXICO.      P. O. Address: Apartado 1846.

office Edinburgh) was incorporated by royal charter in 1727. Its governor is His Grace the Duke of Buccleuch and Queensbury, K. T., and the deputy-governor the Right Hon. the Earl of Strathmore and Kinghorne. A. K. Wright is cashier and general manager. The London office is at 3 Bishopsgate, E. C., with William Wallace manager and Alexander Dick deputy manager.



## New Chinese Bank

THE Chinese Merchants' Trade Bank, Peking, is the latest addition to China's list of modern banking houses. The new bank was opened on November 8 under the management of Mr. Chen Ting-fu, a Ningpo banker of some experience. It is capitalized at \$1,000,000, of which \$400,000 is already paid up. Receipts on the opening day amounted to more than \$60,000 and Tls. 55,000.

The bank will handle deposits, loans, exchange, discounts, savings and safety deposits, and will be run on modern western banking principles.



## Commercial Bank of Scotland

NET profits of the Commercial Bank of Scotland for 1917 were £282,536 in addition to £41,972 from the previous year. Out of these profits two dividends at the rate of sixteen per

cent. per annum were paid. To meet depreciation in investments the bank allotted £60,000; to the fund for contingencies, £90,000, and in reduction of the cost of bank premises £10,000. The remainder, £44,509, was carried forward to next year's account.

On October 31, 1917, the balance-sheet showed £1,000,000 paid-up capital, £700,000 reserve fund, £26,659,324 deposits, and £32,223,405 total assets.

The head office of the Commercial Bank of Scotland is in Edinburgh.



## Argentine Credit for Allies

THE Foreign Minister of the Argentine Republic has signed an agreement with the British and French Ministers to sell 2,500,000 tons of wheat to the Entente Allies. Argentina is to open a credit at the Bank of the Nation in favor of the Allies, which is to be liquidated in two years. This arrangement is virtually a loan to the Allies, and is made in order to stabilize the rate of exchange.



## National Bank of South Africa

ADVICES by cable to R. E. Saunders, agent of the National Bank of South Africa in New York, state that the bank has opened branches

# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	.	.	(35=£)	<b>\$12,500,000</b>
Paid-up Capital	-	.		<b>2,750,000</b>
Reserve Capital	.	.		<b>3,500,000</b>
Subscribed Capital	.	.		<b>6,250,000</b>
Reserves	.	.		<b>1,977,235</b>
Surplus over Liabilities	.	.		<b><u>8,227,235</u></b>

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

at Mozambique, Quelimane, Inhambane (all in Portuguese East Africa) and at Mwanza, Lake Victoria.



## New Branch Opened

ON or after February 15 a branch of the American Foreign Banking Corporation will be opened at Port au Prince, Republic of Hayti.

## China Has Bankers Trust Company

CHINA'S first trust company has been organized by bankers and merchants of Canton, Hongkong and several cities in the United States, for the purpose of facilitating trade between China and America. The organization is capitalized at \$1,000,000, \$250,000 of which has been subscribed by American merchants and bankers.



# An Extraordinary Year in Financial History—Banking Machinery Working Well

By ALEX. DUNBAR, Cashier Bank of Pittsburgh, N. A.

**F**OR years to come the twelve months of 1917 will stand out as an exceedingly important period in the financial and business history of the world. Twenty-five years hence, when the bankers and business men of to-day look back upon this year, they will feel as much pride in the financial and economic achievements as will the survivors of our new National Army in recounting the campaigns and victories of the Great War.

Industrial and financial Pittsburgh has particular reason to feel proud of its record in 1917. Its subscriptions to the first and second Liberty Loans, to the Red Cross, and to many other military and civic objects, far exceeded its allotments. The output of our industrial plants surpassed all previous totals and these activities were a most important factor in the prosecution of war activities. The financial and industrial resources thus disclosed were not only a revelation to ourselves but to the entire country.

These undertakings could not have been accomplished without the assistance of strongly-organized, thoroughly-systematized banking machines, backed up by our splendid Federal Reserve System, which has proven itself to be the greatest system in the world. To say that in 1917 the banking machinery handled a larger volume of business than ever before in the history of Pittsburgh would be merely to repeat what can be stated by virtually every other interest in the great Pittsburgh district. To affirm also that the local banking machinery operated throughout the year

without the slightest sign of strain and that the public did not experience the least inconvenience in having its abnormal requirements satisfied, is a matter of the highest gratification, both to



ALEX DUNBAR  
Cashier Bank of Pittsburgh, N. A.

the bankers themselves and to the entire business world.

The duration of the war is the dominating factor of the future. Sentiment is crystallizing around "hope for the best" and "strenuous preparations for

the worst." From the viewpoint of today, the outlook seems to stretch over several more years of hostilities, and financial preparations are therefore being made accordingly. This may involve important changes in the conduct of business and more and more the Government's needs will take precedence over the private requirements. These changes, however, should not necessarily affect general business to a vital degree. It is largely a matter of efficient organization to promptly, yet wisely, effect all such adjustments, without seriously interrupting the "work-a-day" world.

Happily, the United States was not required to pass through the hysterical period of early war preparations, such as overwhelmed our Allies, during the

first twelve months of the conflict. Gradually, but surely, we are organizing and systematizing our potentialities by means of the unselfish assistance of the country's greatest bankers and business men, who are cheerfully giving their services to the Government at a dollar a year. The problems before us are formidable, but they will all be promptly and successfully solved by the courage, brains and undying patriotism of our people.

The demands upon the banking facilities of the country will probably be greater in 1918 than in 1917, but these requirements shall be met through our expanding resources and be the more efficiently handled because of experience gained during the epochal year just closed.



## Boy Scouts as Bond Salesmen



FRED A. SHELTON  
Mayfield, Kentucky

**E**XCELLENT work has been done by the Boy Scouts of America in the sale of Liberty Bonds. In the first campaign the patriotic youngsters secured 152,000 individual subscriptions, representing a total of about \$23,000,000, while in the second campaign they increased the number of subscribers to 525,527 and the amount to \$101,133,600.

To Fred A. Shelton belongs the honor of selling the largest number of bonds sold by any boy scout in the first campaign. Though his home is in a town of only 8,000 inhabitants, he sold 324 Liberty Bonds, aggregating \$24,750 in value.

This energetic young salesman is fifteen years old, a freshman in high school, and plays the violin. He is patrol leader of Third Patrol, Troop I, Mayfield, Kentucky. In a letter to the Editor, he states that he was much surprised when he found that he had sold the most Liberty Bonds, as he was not expecting to do so on account of living in such a small town.

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

### A

Adams, F. R., Will County National Bank, Joliet, Ill.  
American National Bank, Richmond, Va.  
American Savings Bank, Springfield, Mo.  
Anale, D., c/o Central Trust Co., San Antonio, Tex.  
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

### B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.  
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.  
Bankers Magazine, The, New York.  
Bauder, Ray E., cashier, First National Bank, Taylorville, Ill.  
Baughner, E. M., president, The Home Building Association Co., Newark, O.  
Bennett, E. D., assistant cashier, Capital National Bank, Lansing, Mich.  
Blize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.  
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.  
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.  
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.  
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-president, Penn. National Bank, Chester, Pa.  
Burwell, Stephen L., vice-president, First National Bank, Jackson, Miss.

### C

Citizens National Bank, Oconto, Wis.  
Copp, R. Reed, assistant advertising manager, National City Bank, New York City.  
Craig, David, Tradesmen's National Bank, Philadelphia, Pa.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.  
Currey, Bradley, c/o Fourth and First National Bank, Nashville, Tenn.

### D

Davenport, C. M., manager new business department, Bank of Italy, Los Angeles, Cal.  
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.  
Dexter Horton National Bank, Seattle, Wash.

Durham, T. R., assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.  
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

### E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.  
Ekirch, A. A., secretary, North Side Savings Bank, New York City.  
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

### F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.  
First National Bank, Lead, S. D.  
Frieden, Ben W., 334 Davidson Building, Sioux City, Iowa.

### G

Groves, J. W., advertising manager, Northwestern National Bank, Minneapolis, Minn.

### H

Hamsher, C. F., cashier First National Bank, Los Gatos, Cal.  
Harper, W. A., Lumberman's National Bank, Houston, Tex.  
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.  
Hill, John R., Barnett National Bank, Jacksonville, Fla.  
Hilliery, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.  
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.  
Hokanson, N. M., State Bank of Chicago, Chicago, Ill.

### J

Jarvis, Charles D., c/o Savings Bank of Utica, Utica, N. Y.  
Jenkins, W. L., Farmers and Mechanics Trust Co., West Chester, Pa.  
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.  
Jones, W. P., assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

### K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.  
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.  
 Keyton, Grover, manager advertising department, Capital National Bank, Montgomery, Ala.  
 Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

## L

Lanier, B. W., First National Bank, Lakeland, Fla.  
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

## M

McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., Park Trust Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.  
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.  
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.  
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.  
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.  
 Moser, B. W., assistant cashier, St. Louis Union Bank, St. Louis, Mo.  
 Muirhead, G. C., vice-president, The Stock Growers State Bank, Worland, Wyo.  
 Murray, W. P., cashier, Bank of San Rafael, San Rafael, Cal.

## N

Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.  
 Norton, W. W., treasurer, Robbins Burrall Trust Co., Lakeville, Conn.

## O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Poole, John, president, Federal National Bank, Washington, D. C.  
 Potter, A. E., president, Broadway National Bank, Nashville Tenn.  
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

## R

Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.  
 Russell, W. W., cashier, First National Bank, White River Junction, Vt.

## S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.  
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.  
 Shepherd, George W., c/o International Trust Co., Boston, Mass.  
 Shoven, A. M., cashier Kankakee County Trust and Savings Bank, Kankakee, Ill.  
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.  
 Smith, T. K., Jr., manager, Gimbel Brothers, bankers, New York City.  
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.  
 Stewart, F. E., 1505 Jefferson St., Toledo, O.  
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.  
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

## T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

## V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.  
 Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

## W

Wadden, John W., president Lake County Bank, Madison, S. D.  
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.  
 Wilson, C. C., cashier, Continental and Commercial Trust and Savings Bank, Chicago, Ill.  
 Withers, K. K., publicity manager, County Savings Bank, Scranton, Pa.

## Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.  
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.



## Winning the War Our Chief Duty

**I**N the annual number of the "Financial Review," issued by the Franklin National Bank, Philadelphia, appears this strong admonition of the present duty of the American people:

"The year just closed has been one continuous panorama in the world of commerce and finance. The entry of the United States into the world war has necessitated a complete changing of the plans and methods of most business men. As a neutral nation we were

particularly concerned in strongly establishing ourselves as the leading commercial nation, and, if possible, as the leading financial nation of the world. Our entry into the conflict makes it more important, for the duration of the war, that we bend our every energy to winning the war regardless of our personal comfort, regardless of our personal profit, giving regard only to the welfare of the people of this country and for that matter of the whole world."

# America's Full Participation in the War

**M**ANY of the bankers of the country are doing splendid service by insisting that the United States shall accept full responsibility for its share in the great world war. In a recent address dealing with this matter, Rollin P. Grant, president of the Irving National Bank of New York, said:

"Our war vessels have been destroyed, our soldiers and sailors killed and captured, and our casualty lists are being published from day to day, yet in the face of this we go on from day to day living in an atmosphere of smug peace and security, making the war effort that comes to us, that is forced upon us, as if we do not realize, even as if we refuse to realize, that this is our war and we alone must win it.

"In a consideration of our immediately available national power compared with its possibilities, the question naturally arises—Are we getting 100 per cent. efficiency from government—municipal, state, national? How much farther must we carry this new process of coördinating national interests under governmental direction and control before we shall have reached the efficiency of operation which our best interests in the war demand?

"The power of our people to respond in an emergency once its full seriousness reaches them with proper directness is beyond question.

"In the earlier days of the war the business of our country discovered that, unfortunately, we had formed the habit of depending upon Germany, or other war-isolated countries, for certain lines of manufactures indispensable in business success.

"Prominent among these were dyes, stuffs and glassware. There were others, but these stand out rather conspicuously.

"We were slow to recognize the emergency, but once convinced, we became effectively active in an astonishingly

short period of time. The proper machinery was put in motion, and within a few months, it seemed, progress was made which proved conclusively that our former dependence upon Germany for these supplies was absurd, and now we find ourselves able to produce not only all the dyes we need for domestic



ROLLIN P. GRANT  
President Irving National Bank, New York

purposes, but also a fairly substantial quantity for the export trade.

"In glassware the accomplishments have not been less substantial, and lines the production of which formerly were supposed to be confined exclusively to Germany and other countries at present shut out by war, now are

being produced in the finest possible quality and in quantities entirely sufficient for all our purposes.

"For a long time an army for the fighting front—a proper supply of aeroplanes for war—and of merchant ships for war and peace as well—were matters which were not fully appreciated, and matters, too, in which our ability to produce in emergency quantities was far from being generally conceded even by our own people.

"Now, we have seen something of our possibilities in building armies, and the production of aeroplanes promises to rival anything of the kind ever attempted by any country. Our merchant marine long before the end of the war will have demonstrated something of our ability to produce ships—and, all of these, simply because the details of war necessity which they represent already have been impressed upon us.

"Some of our people are disposed to take the attitude that these accomplishments referred to cover the situation and furnish the answer to all possible criticism of our methods. As a matter of fact, they only prove what immense unused possibilities we possess and how absurd it is to defer the full development of these possibilities to a time when we will be much less able to develop them than we are now.

"The supreme effort to win this war and serve humanity's interest in the world afterward must be made by us. This fact stands out clearly—but why should we not act now when enthusiasm, and health, and vigor, and power, and wealth, and sufficiency are ours? Why should we trifle with the institutions of a peace now past when the only peace in the world is that which must be seen through the war, and beyond in a world made safe by war?"

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## The Problem of Industrial Housing

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By NOBLE FOSTER HOGGSON

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**T**HE problem of properly housing employees has reached such an acute stage that it is one of the big questions of the day. Yet the problem is not a new one. It has been with us for many years; the situation has simply grown more tense.

Last year, in one great factory in the East, thirty thousand men were employed to keep up a payroll of ten thousand! The men would not stay because of poor living conditions. This tremendous waste of efficiency could have been avoided through the medium of proper industrial housing. This instance is characteristic of conditions in America to-day.

Production is greatly handicapped,

not by a lack of labor as commonly supposed, but by an utter lack of decent accommodations and the resultant inability to hold labor.

Houses for industrial workers must be provided at once, and in the fact that this problem is so urgent there is a real danger—the danger of doing the thing hurriedly, planning for temporary relief only, creating conditions that will be worse in a few years than they are at present.

The large industrial organizations confronted with a housing problem will wisely provide for the future. With the splendid examples of garden city development in England as a guide, and the avoidance of the paternalism

and other errors which characterized certain previous housing enterprises in this country, there is no reason why we should not proceed on the firmest and most advanced basis.

Each industrial development presents an individual problem. It is not simply a matter of designing two or three typical houses and setting them down on a certain plot of ground. The factors involved call for not only a thorough knowledge of housing developments the world over, but they necessitate an intimate study of the conditions affecting the industry which contemplates a plan for providing homes for its workers.

In our firm, for the last three years, we have given serious thought to adopting our single contract method of building to large industrial housing developments, but we did not care to enter upon this new field until we knew that we were thoroughly equipped with the knowledge necessary to undertake this class of work successfully. We have just recently made the announcement, however, that we were ready to under-

take industrial housing operations on practically the same basis as we have been building banks, residences and other structures.

The matter of financing is one of the most serious drawbacks to providing adequate housing facilities just now. Many industrial concerns would proceed with a vast amount of building were it not for the lack of funds. In England, where it is announced that 500,000 houses are now urgently needed—some authorities say 1,000,000 houses—Government aid in financing has been promised. It is reported on good authority that England spent a half billion dollars on industrial housing during the last year, and plans to spend a billion in 1918.

In this country appeals from industrial organizations confronted with the problem of housing their workmen are being made to the Government for assistance, and it is absolutely essential that some financial aid be extended, and this assistance will no doubt be arranged for very soon.

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## Condensed Credit Information

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**F**ROM Mr. Emil Rasmussen, vice-manager Den Danske Landmandsbank, Copenhagen, Denmark, THE BANKERS MAGAZINE has received the following "information key":

The information desired is to be compiled by means of key below.

### INFORMATION KEY

#### REPUTATION

1. Old, highly respectable firm.
2. Respectable.
3. Energetic.
4. Able (good business ability).

#### MEANS

5. In possession of ample means.
6. In possession of moderate means.
7. Without means of importance.
8. Without any means.

9. Means hardly in due proportion to the extent of the business.
10. Financial standing not exactly known.
11. Backed by relatives with some capital.
12. Financial standing appears weak.

#### EXTENT OF BUSINESS

13. In an extensive way of business.
14. Rather important business.
15. In a moderate way of business.
16. In a small way of business.
17. The business appears to be progressing.
18. The business appears to be declining.

#### CREDIT.

19. Undoubtedly safe for engagements.
20. Considered good for engagements.
21. Enjoys a good commercial credit.
22. Enjoys a moderate commercial credit.
23. Enjoys credit for the amount in question.
24. Enjoys credit for small amounts.

- 25. Cannot be recommended for any credit.
- 26. The amount in question appears to be rather large.
- 27. Has hardly any occasion to seek credit.

## SPECIAL INFORMATION

- 28. Not personally known to us; reported as follows:
- 29. Connection disadvised.
- 30. Caution recommended.
- 31. Enjoys confidence.
- 32. Difficult to judge.
- 33. Has good connections.
- 34. Recommendable as agent.
- 35. Opinions regarding character vary.
- 36. Has large engagements.
- 37. Has hitherto fulfilled engagements in a satisfactory manner.

- 38. Hardly likely to enter into engagements which the firm cannot see its way to fulfil.
- 39. Of good family.

## IN CONFIDENCE AND WITHOUT RESPONSIBILITY.

Mr. Rasmussen states that the above system has been used by his bank for several years and with good results, effecting a saving of time and proving satisfactory in other respects. Simply by indicating the numerals in the key it is an easy matter to give full details regarding the standing of a firm or individual.

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## Steps to Victory

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By GATES W. MCGARRAH, President Mechanics and Metals  
National Bank, New York, and President New York  
Clearing House Association

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**M**ODERN warfare requires an infinitely larger number of things than did tribal warfare, but because its wants are supplied by industries wonderfully organized, individuals sometimes think their part not worth reckoning. Their part is more decidedly worth reckoning. There are three ways in which it is to be applied:

*By Rigid Economy.*

The war is going to call more and more for thrift and for an elimination of waste that will enable us to give our men at the front the support they need.

*By Careful Saving.*

Saving will be called upon more and more to supply the capital with which the Government can carry on the war.

*By Hard Work.*

The war is going to be fought more and more with the output of the industrial establishments of the country.



GATES W. MCGARRAH

Never before were economy, saving and work so necessary. As time goes on they will increasingly be recognized as the basis for winning the war.

We do not have to save on all necessities, except where those necessities are limited in supply and indispensable to winning the war. Luxuries are the things we can readily curtail. Former President Eliot of Harvard prepared a table early in the war showing the annual expense bill of the American people for things they put into their mouths that are not bread. The bill was \$3,915,000,000. Liquor, tobacco, candy, soft drinks, tea, coffee, patent medicines and chewing gum made up this total.

There is vast room for private economy in the United States. We all like

the good things of life, it is true, and many of us have been accustomed to buy so long as we could pay. But that process needs to be changed; because a man has money is no longer a reason that he should spend it.

Our paramount duty is to deny ourselves that others may live and that we may gain victory. In the United States thirty-five pounds of cotton per capita are now required to make the cotton goods we wear in a year. In 1870 we used eleven pounds per capita. Our per capita consumption of sugar lately was eighty-nine pounds a year. A generation ago it was one-half that amount. Economy that carries us back to the habits of our grandfathers will not hurt.



A BANK PRESIDENT'S DESK IN WAR TIME

The chair at this desk is occupied during business hours by President Charles S. Calwell of the Corn Exchange, Philadelphia

## **SPOKANE & EASTERN TRUST COMPANY**

**The attention of bankers is directed to the extraordinarily stringent provisions of the new Washington Banking Code, now in effect.**

### **IT IS MADE A FELONY**

- 1.—To rediscount any of the bank's paper unless such rediscounts at all times show on the bank's books and in its reports.
- 2.—To issue the note of a bank for money borrowed, or to rediscount any of its notes unless on authority of a resolution of the Board of Directors.
- 3.—To issue a certificate of deposit by a bank for the purpose of borrowing money.
- 4.—To pledge any securities for the benefit of any of the bank's depositors or creditors, except that the bank may borrow for temporary purposes an amount not to exceed in the aggregate its capital and surplus, and as security may pledge assets not exceeding one and one-half times the amount borrowed. This restriction does not apply to the pledging of securities for the protection of public deposits.
- 5.—To lend any money to any director, officer or employee of the bank, unless a resolution authorizing the loan shall have been approved by a majority of the directors at a meeting which shall not be attended by the borrower, and the resolution authorizing the loan shall have been entered in the corporate minutes of the bank before the loan is made.
- 6.—To permit any director, officer or employee to borrow the bank's funds in an excessive amount, and every officer or director who consents to such an excessive or unauthorized loan shall be personally liable for any loss suffered by the bank, its shareholders or any person whomsoever.
- 7.—To transfer any of the property or assets of any bank or trust company after it shall have become insolvent or in contemplation of its insolvency, with a view of effecting a preference of creditors, and such transfer shall be void.
- 8.—Knowingly to subscribe to any false statement with the intention to deceive any authorized examiner or to make any false statement as to the amount of assets of the bank.
- 9.—To conceal any fact or suppress any evidence or tamper with the bank's records.
- 10.—To permit any officer or employee to become indebted to it out of its trust funds, in cases where the corporation does a trust business.

### **THE MAKING OF ANY FALSE STATEMENT TO THE EXAMINER IS PERJURY PUNISHABLE BY IMPRISONMENT**

A strong admonition to virtuous conduct

(If any State in the Union has conceived more numerous methods of getting the banker in bad, Mr. R. L. Rutter, President of the Spokane and Eastern Trust Company, would like a bill of particulars.)

# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL . . . . \$3,000,000.00

SURPLUS . . . . 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

### OFFICERS

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DANIEL G. REID . . . . .	Vice President
CHAS. W. RIECKS . . . . .	Vice President and Cashier
ALEXANDER M. HALL, 2nd . . . . .	Vice President
ERNEST STAUFFEN, Jr. . . . .	Vice President
JOSEPH A. BOWER . . . . .	Vice President
FREDERICK P. McGLYNN . . . . .	Assistant Cashier
THEODORE C. HOVEY . . . . .	Assistant Cashier
LOUIS W. KNOWLES . . . . .	Assistant Cashier
FREDERICK W. WALZ . . . . .	Assistant Cashier
SIDNEY W. NOYES . . . . .	Assistant Cashier



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VICE-PRESIDENT



GILES L. WILSON  
VICE-PRESIDENT



G. J. AVENT  
CASHIER



ARTHUR F. PERRY  
PRESIDENT



CHAS. B. CAMPBELL  
ASSISTANT CASHIER

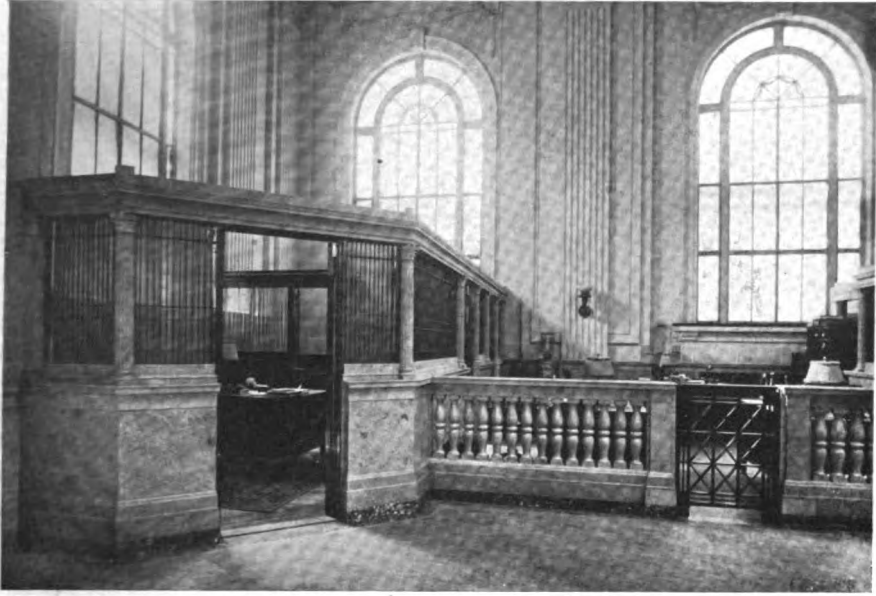


JOHN A. NEWSOM  
ASSISTANT CASHIER



W. G. STEDEFORD  
ASSISTANT CASHIER

Officers of Florida National Bank, Jacksonville



President's Room and Part of other Officers' Quarters

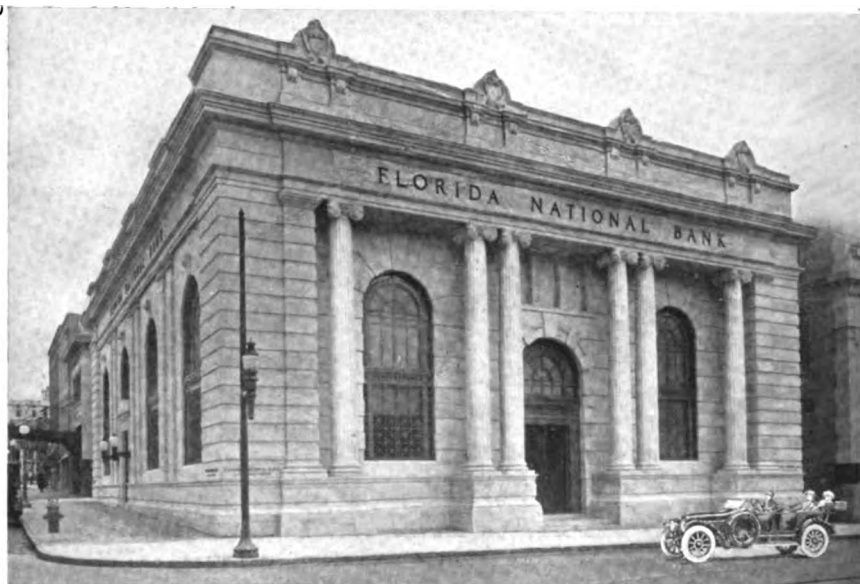
## Florida National Bank, Jacksonville, Florida

**R**ECENT marked improvement in the quarters of the banking institutions of Jacksonville exemplify, as nothing else could, the extraordinary financial growth of Florida's chief city. Perhaps the most important of these improvements, however, is the rebuilding of the banking house of the Florida National Bank, which has just been successfully completed. The result is a chaste and beautiful structure, constructed of the most durable of fire-proof materials known to modern science.

The exterior as altered is a most attractive example of Italian architecture, designed in strict accordance with the lines and proportions of the classic, a marvel of simplicity. Built of hard Georgia marble, the window and door openings are of cast iron, artistically ornamented with heavy grille work. The

heavy outside doors as well as the inside vestibule doors are made of bronze, while the floor and roof are built of steel and concrete, thus making the entire building of fire-proof material.

The interior of the bank, dignified and harmonious in architectural design, is not only admirably planned to the particular ends it is to serve, but in space assignment, in simplicity of ornamentation and detail, in beauty of modeling and agreeable interplay of quiet color, typifies the best art in public buildings of to-day. The finished side walls and ceilings of the interior are designed to represent the Caen stone of France, the blocks washed over until they carry the soft, uneven tone of the original stone, a creamy shade running slightly to brown. This is the general color tone of the building, deepening to dull gold in the cast bronze fittings and

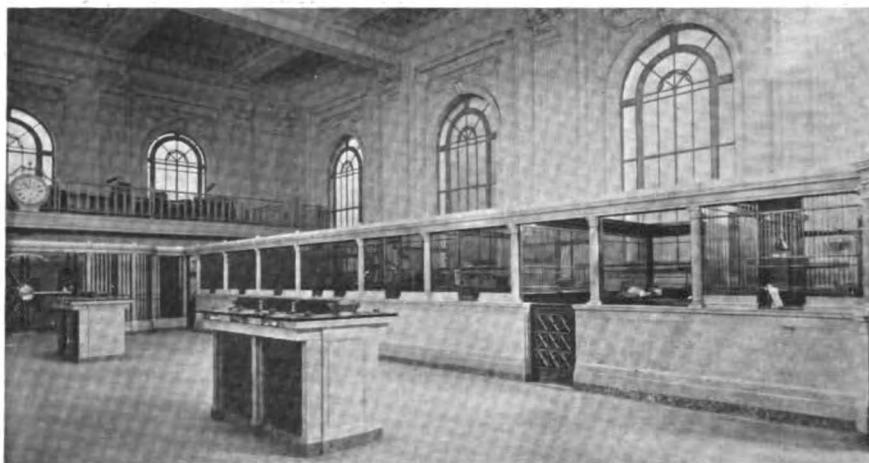


Florida National Bank, Jacksonville, Florida

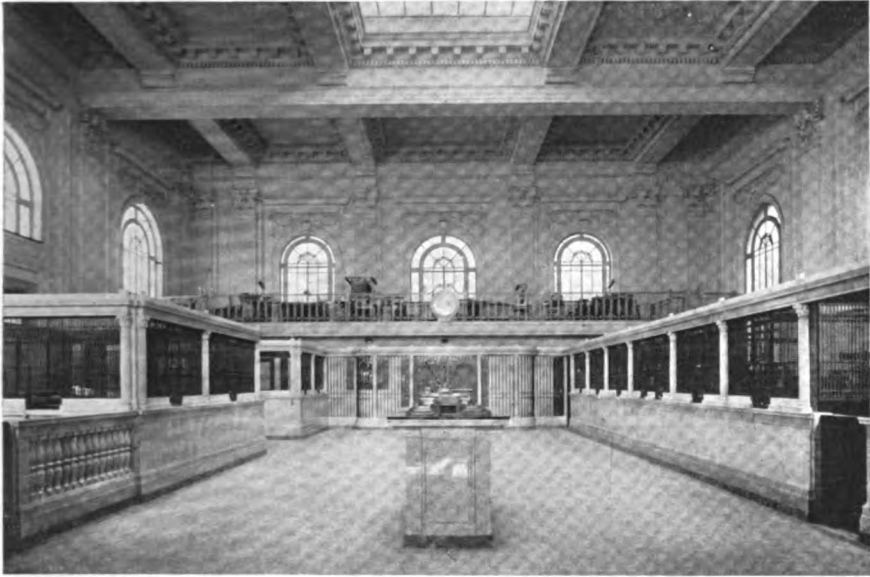
contrasting effectively with the rich hue of the brown colored mahogany, which is the only wood used. The floor is of lusterless Tennessee marble, slightly deeper in color than the walls, and the desk standards and counter screens are of polished Italian Tavernelle marble, which gleams with rich, warm, brown lights.

An open rectangular space about 25

feet in width and 70 feet in depth runs from the main entrance on Forsyth street to the safe deposit vault at the rear, from which it is shut off by a heavy marble and cast bronze grille work with sliding bronze entrance gates. In the center of this public space are the check desks of Tavernelle marble with heavy polished glass shelves, fitted with bronze check holders, calen-



East Side View Showing Cashier's Office and Tellers' Cages



View of Banking Room from front of Room

dar cases, and ink wells of simple design. Opening into this space is an entrance from Laura street, which precludes congestion in the lobby even on the busiest days. An arrangement of concealed lights gives a beautiful glow to the entire interior.

Immediately to the right as you enter from Forsyth street is a complete suite of rooms, handsomely furnished, with

every comfort and convenience for the exclusive use of ladies, adjoining which is a tellers' cage for the transaction of their business and the handling of savings accounts.

Next to this department is the office of the cashier, and following it is a line of tellers' cages and bookkeepers' wickets. On the opposite side of the lobby, adjoining the officers' floor, are the dis-



West Side View Showing Part of Officers' Quarters and Cages



Directors' Room in Basement

count department and the collection department, and just beyond the Laura street entrance are two cages for the exchange teller and Saturday evening depositors.

A feature of the arrangement which will appeal to the men customers is a room fitted for their especial use with all conveniences, including telephone.

Over the vault is a mezzanine floor, on which the transit department is located, through which all checks by mail are handled. All cages and desks are of

metal, with attractively designed bronze fittings and concealed lighting fixtures.

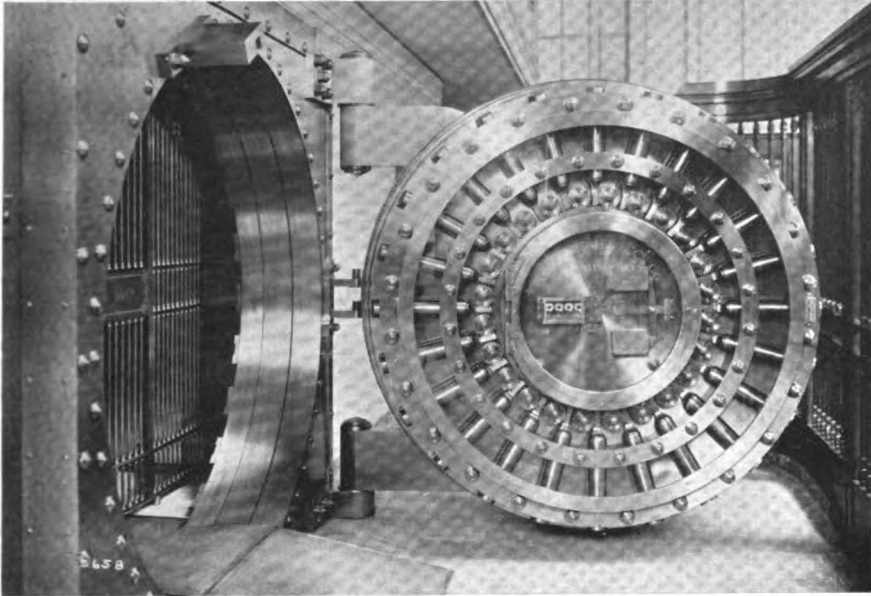
The president's office and adjoining private room, immediately at the left of the main entrance, are handsomely finished with mahogany paneled wainscoting. Opening from the president's room and fronting on the rectangle is the general office of the vice-presidents, which is finished with marble wainscoting, the space being separated from the lobby by a low marble railing.

The safe deposit vault at the far end of the rectangle not only provides safe storage for the funds, records and securities of the bank, but also contains approximately one thousand safe deposit boxes. The vaults are absolutely fire and burglar-proof and of easy access to patrons, coupon rooms being located nearby where boxholders may examine their papers.

The vault has a massive chrome steel door, seven feet in diameter, which is operated under the protection of time locks and automatic devices, this door alone weighing over 15 tons, while the framework supporting the door weighs another 15 tons. An emergency door



Ladies' Rooms



Door to Safe Deposit and Money Vault

of equal strength and security is provided in case the locking device of the main door fails to operate at the opening time. Thus the bank's safe deposit customers are always assured of access to the contents of their boxes during banking hours.

The book vault adjoining is lined with steel, and is provided with fire-proof outer and vestibule doors, while the interior contains metal book shelves and filing cases.

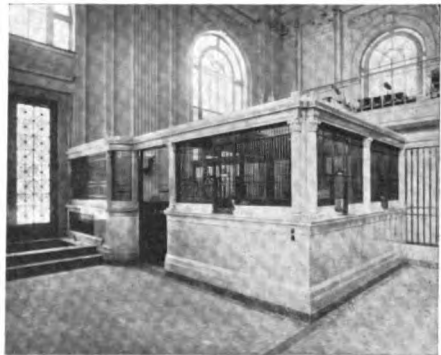
In addition to these vaults, there is also a large steel lined fire proof vault in the basement, for the storage of silverware and other valuables of the bank's patrons.

The directors' room is located in the basement and is reached by an iron and marble stairway leading from the main banking room. This room is finished in white with pilasters, cornices and wall panels, and further enriched with a mantelpiece of classic design. The basement also contains a complete dining room and kitchen equipment for the officers and clerks, steam heating apparatus, electric light switchboard which controls the lighting of the entire build-

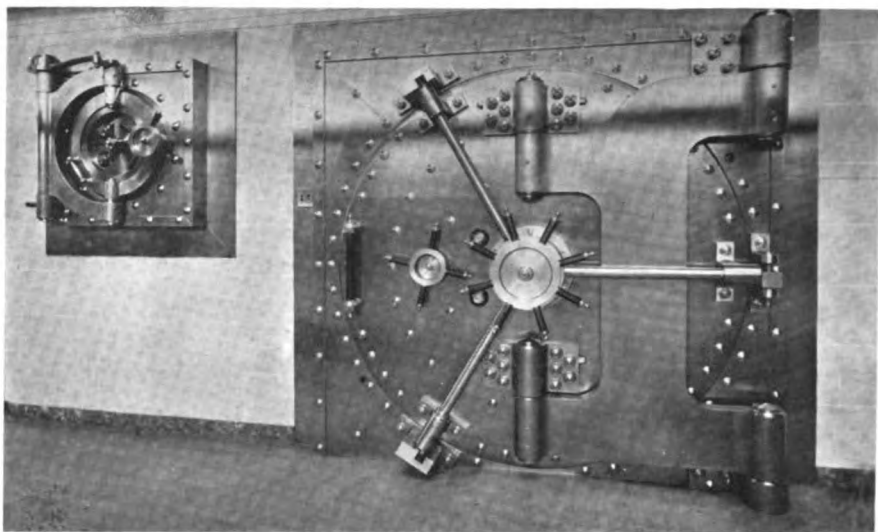
ing, a storage vault for unused books and papers, stationery room, locker room, etc.

The entire building is heated by steam, lighted by electricity, and contains many late improvements and conveniences, including a filtering plant for filtering and softening the water, after which it is cooled and supplied to fountains located in various sections of the building.

Mowbray & Uffinger of New York were the architects of the building and



Men's Room and Cages Adjoining Laura Street Entrance



Vault Door Closed

the general contract was in the hands of O. P. Woodcock.

The Florida National Bank as an institution dates back to January, 1905, when it was organized and took over the business of the Mercantile Exchange Bank, which had at that time deposits of \$1,314,000.

To-day the Florida National Bank has deposits of over \$9,000,000 and total resources of over \$10,500,000. It has continuously paid dividends of eight to ten per cent. per annum and in addition has accumulated surplus and undivided profits aggregating \$325,000, in addition to the capital stock of \$500,000.

The officers of the bank are: Presi-

dent, Arthur F. Perry; vice-presidents, Giles L. Wilson and W. A. Redding; cashier, G. J. Avent; assistant cashiers, Charles B. Campbell, John A. Newsom and W. G. Stedeford.

Mr. Perry has been in the banking business in Jacksonville continuously since 1904, starting as treasurer of the Southern Savings & Trust Co. Mr. Wilson was for a number of years cashier of the Central National and Spartanburg Savings Bank, Spartanburg, S. C., and just prior to his connection with Florida National was national bank examiner for the southeastern district. The other officials received their bank training in Florida, chiefly in Jacksonville.



## America's Purpose

By OTTO H. KAHN

**W**HEREVER, in this fateful time, true Americans are gathered together, their thoughts will turn to a purpose which is one and the same wherever, throughout the world, the language of free men is spoken.

It is the purpose of a common de-

termination to fight and to bear and to dare everything, and never to cease nor rest until the accursed *spirit* which has brought upon the world the unutterable calamity, the devil's visitation, of this appalling war, is destroyed beyond the possibility of resurrection.

# Book Reviews

**MEN WHO ARE MAKING AMERICA.** By B. C. Forbes. Forbes Publishing Co., N. Y. Price, \$3.00.

In an intimate way, the author tells how fifty of America's foremost business and financial leaders of the present day have climbed the ladder of success.

The book is not biography, but human stories which point out the true characteristics—the real reasons back of every success—of men who have struggled and won.

These sketches of notable doers are written to inspire young men with the truth that the average man can succeed if he is willing to pay the price—in patience, perseverance, self-denial and unflagging courage.



**LONDON BANKERS' YEAR BOOK.** By Thomas Skinner. Thomas Skinner & Co., London. Price, \$3.25 plus duty.

An account to date regarding British, Colonial and Foreign banks and banking firms.

Features of the 1917-18 edition are: the insertion of index tabs to facilitate reference; an increase in the number of foreign institutions included, especially New York firms, due to a greatly increased intimacy between the London and New York money markets for war purposes.



**TRADE FALLACIES.** By Arthur Kitson. P. S. King & Son, Ltd., London. Price, \$1.25 and duty.

A criticism of the existing methods of banking and the laws governing trade, both foreign and domestic, with some suggestions for a reform towards national prosperity.

Urges the nationalization of banking

systems, in order that banking facilities may be brought within the reach of all classes for the development of industrial enterprises.

The whole is a presentation of opposite points of view, the general conclusion being very strongly in favor of a thorough reform.



**CORPORATE ORGANIZATIONS AND MANAGEMENT.** By T. Conyngton. Ronald Press, N. Y. Price, \$5.00.

This book is a combination and revision of the author's "Corporate Organization" and "Corporate Management," superseding these two universally used works.

The purpose of the present work is to furnish a compact, practical and conveniently arranged manual of corporation law and procedure—one that shall meet the demands of lawyers, accountants, corporation officials, and business men generally.

It gives in full detail the working procedure for forming corporations and managing them in accordance with legal requirements. It covers everything required—procedure in incorporating, framing the charter and by-laws; holding meetings; the rights, powers, and liabilities of stockholders, officers and directors; transfer and issuance of stock, etc. Full working forms are given.

The book is adapted for use in any state in the Union.



**HUMAN SIDE OF BUSINESS.** By Frederick Peirce. Frederick Peirce & Co. Price, \$2.00.

This book is a practical treatise for executives and salesmen and will prove an illuminating analysis for bank officials and investors. Explains the au-

thor's personal methods used in building up the second largest retail bond distributing house in United States.

Since human nature is the same the world over, there are certain underlying principles that can be commonly applied. Personal methods, whether called the human side, psychology of salesmanship, personal equation, or fourth dimension, must have proper presentation to be used effectively in building up an organization.



**REAL ESTATE ACCOUNTS.** By W. Mucklow. Ronald Press, N. Y. Price, \$2.50.

This book covers accounting methods, the proper classification, construction and operation of accounts for the real estate business.

The author explains minutely the methods he has found to be of most practical value, and illustrates his text with the forms he has successfully used. Gives special attention to "time sales."

The book is intended primarily for accountants. It can, however, be consulted to advantage by anyone interested in keeping the records of a real estate business, and explains particular

points of contact with various other kinds of business.



**HOW BOYS AND GIRLS CAN EARN MONEY.** By C. C. Bowsfield. Forbes and Co., Chicago. Price, \$1.00.

This is the only book which tells boys and girls how to do hundreds of useful things for the purpose of earning and saving money in their spare time after school and during vacations.

Every child enjoys this very interesting volume because it shows many pleasant ways to be thrifty.

Parents and teachers find that this much needed book is the most practical help in teaching thrift. A book for the times.



**ART OF EXTEMPORE SPEAKING.** By Abbe Bautain. McDevitt-Wilson's, Inc. Price \$1.60.

There is an art in clearly, logically and effectively expressing ideas and this book tells how it is attained.

It is designed especially for attorneys, teachers, preachers, club women, politicians and all those who are called upon to explain in public the why and how of a subject.



## Handling of Interest Collected and Unearned and Interest Accrued and Uncollected

**I**N view of the fact that the Comptroller of the Currency has requested banks to keep their books so that interest on loans accrued and uncollected and interest collected but not earned may be reported at any time if necessary, it becomes a matter of importance to the banks that they have their accounts in such shape that this information may be always available.

The First National Bank of Philadelphia has issued a pamphlet describing in detail how such items are handled in that institution, illustrating the descriptive matter with the forms in use. The explanation is clear and full, and will be found of great help to banks in dealing with these important items. A copy of the pamphlet may be had on request addressed to the First National Bank, Philadelphia.

# Banking and Financial Notes

## PENDING MERGER OF NEW YORK BANKS

Negotiations are going on with a view to a merger of the Bank of the Metropolis with the Bank of the Manhattan Company. Under the plan the capital of the latter bank will be increased to \$2,500,000.

The Bank of the Manhattan Company was organized in 1799 and has offices at No. 40 Wall Street. The latest reports show that the company has a surplus of \$4,100,000, deposits of \$110,605,000 and undivided profits of \$800,000. The Bank of the Metropolis was formed in 1871, with a capital of \$1,000,000; surplus and profits now amount to \$2,214,000, with deposits of \$15,000,000.

Stephen Baker is president of both the Bank of the Manhattan Company and the Bank of the Metropolis.

## MAX MAY RETIRES FROM THE GUARANTY TRUST COMPANY

Max May, who is regarded as the best foreign exchange expert in America, has been temporarily relieved of his duties as vice-president of the Guaranty Trust Company, New York. The board of directors took this action at Mr. May's request, and it is understood that after the war is over he will be asked to resume his services.

Mr. May, although born in Germany, has lived in the United States for twenty-five or thirty years and is an American citizen. His superior officers have never questioned his loyalty, and, in fact, are enthusiastic in their praise of Mr. May's patriotism.

Fourteen years ago Mr. May resigned his position with the First National Bank of Chicago to become manager of the foreign exchange department of the Guaranty Trust Company of New York. In 1908 he was elected vice-president. Mr. May built up the foreign exchange business of the trust

company to astonishingly large proportions, his daily transactions having averaged as high as \$20,000,000 a day. His total turnover in busy years has amounted to more than \$6,000,000,000—a total not approached by any banking institution in the country.

## INCREASED COMPENSATION FOR EMPLOYEES

The Bankers Trust Company of New York has announced a cash distribution to employees to cover increased living costs. The programme adopted is the result of an exhaustive study of the subject made at different



*The Branch*  
Our first President

**Merchants National Bank**

RICHMOND, VA.

Capital . . . \$400,000  
Surplus and Profits over 1,000,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**

periods during the past year by a special committee of employees. This committee, which was first appointed last November by Seward Prosser, president of the company, has compiled statistical information from various sources showing the upward trend in prices and the proportion of salaries expended for necessities. Based upon these computations, a recommendation was drawn up by the committee showing the amount of compensation necessary to properly reimburse employees for increased living costs. This distribution, which is the third semi-annual adjustment to be made by the Bankers' Trust Company, ranges from forty-seven per cent. to fifty-two per cent. of salaries for the past six months, the various percentages depending upon length of service, and is independent of the salary increases which automatically take place each year.

In addition to the above, a special Christmas bonus of five per cent. of annual salaries was likewise announced.

#### PHILIPPINE NATIONAL BANK

At the close of business December 31, the Philippine National Bank, whose head office is at Manila, made a statement which showed: Capital, \$3,697,670; reserve funds, \$658,096.86; circulation, \$2,280,000; acceptances, \$1,146,130.80; commercial credits, \$9,244,870.66; deposits, \$50,945,121.49; total resources, \$69,138,051.81.

The New York agency of the Philippine National Bank is in the Woolworth building.

#### VICE-PRESIDENT IRVING TRUST CO.

John Williams, formerly secretary and treasurer of the Irving Trust Co., New York, has been elected vice-president of that institution. Mr. Williams started his banking career with the First National Bank of Chicago, at the age of 19. After 12 years with the First National, he went to the State Savings, Loan & Trust Co. of Quincy, Ill., as assistant cashier and remained there two years. He then became western manager of the bank audit de-

partment of Marwick, Mitchell, Peat & Co. Five years ago he entered the Broadway Trust Co., New York, as treasurer, and on January 1, 1918, was elected vice-president of the company,



JOHN WILLIAMS

Vice-President Irving Trust Company, New York

which has now become the Irving Trust Co.

At the same date George F. Gentes, formerly assistant cashier of the Philadelphia National Bank, was elected secretary and treasurer, C. E. DuFresne assistant secretary, and William Feick assistant treasurer.

#### TRUST COMPANY DINNER CANCELLED

The Trust Company Section of the American Bankers Association announces that the eighth annual dinner of the trust companies of the United States set for February 25 in New York has been cancelled.

This action has been taken in view of the uncertainty of the general business situation, emphasized by present transportation and fuel conditions.



# The Chemical National Bank of New York

(Established 1824)

**Capital, Surplus and Undivided Profits, \$11,500,000**

## A Service to Banks

Weighty problems involving questions of finance and business, unknown before the war, now frequently present themselves for solution, demanding quick decisions based on accurate judgment.

In order to meet these conditions, our functions have been enlarged to include a Service which, upon request, acts in advisory capacity to Banks and Bankers.

Interest paid on Balances of Banks, Time  
Deposits and Special and Reserve Accounts.

### Correspondence solicited

H. K. Twitchell, President  
Percy H. Johnston, Vice-President  
Francis Halpin, Vice-President  
I. B. Hopper, Vice-President  
E. H. Smith, Cashier

James L. Parson, Assistant Cashier  
J. G. Schmelzel, Assistant Cashier  
John B. Dodd, Assistant Cashier  
Samuel T. Jones, Assistant Cashier  
H. M. Rogers, Mgr. Foreign Dept.

### DIRECTORS

Frederic W. Stevens  
W. Emlen Roosevelt  
Robert Walton Goelet

Charles Cheney  
Arthur Iselin  
Frederic A. Juilliard

Ridley Watts  
Herbert K. Twitchell  
Percy H. Johnston

### SPECIAL WAR RESERVE FUND

With the view of being prepared to meet any losses that may be incurred through depreciation in the value of securities or other ways as a result of the war, the directors of the Hanover National Bank of the City of New York have set aside from their undivided profits \$200,000 as a "war reserve" fund. As far as is known, the Hanover is the first American bank to establish such a reserve as a protection against the uncertain effects of continued war, although practically all of the large financial institutions in Great Britain and Canada have for some time past maintained and expanded their war reserve funds.

While ordinarily the losses sustained by banks are paid out of the undivided profits account, and in some instances out of surplus, the directors of the Hanover thought it best to provide for a special war reserve fund, and it is expected that this reserve will be increased from time to time as the war

advances. Should anything of an unexpected character happen and cause a heavy depreciation in the value of securities owned by the bank, the institution will be able to meet the contingency without impairing its undivided profits and surplus accounts.

### SUCCESSFUL PROFIT-SHARING

It is announced that the profit-sharing plan decided on by the directors of the Corn Exchange Bank of New York has netted the employees about thirty per cent. of their annual salaries.

The profit-sharing fund consists of the year's profits after deductions have been made for salaries, taxes, bonuses, allowances for losses and five per cent. on the capital, surplus and undivided profits.

In addition to the profit-sharing plan the bank has agreed to open accounts for its employees and pay them interest on their average balances at the rate of five per cent. per annum. This rate is



**FARIS R. RUSSELL, Vice-President**



**LOUIS A. KEIDEL, Vice-President**



**RICHARD W. SAUNDERS, Cashier**



**L. P. CHRISTENSON, Assistant Cashier**

**National Bank of Commerce in New York**

**"The Bank That Service Built"**

**THE**

# **SEABOARD NATIONAL BANK**

**OF THE CITY OF NEW YORK**

<b>Capital</b>	<b>\$1,000,000</b>
<b>Surplus and Profits (Earned)</b>	<b>3,535,000</b>
<b>Deposits</b>	<b>65,847,000</b>

<b>S. G. BAYNE, President</b>	
<b>C. C. THOMPSON, Vice-President</b> <b>B. L. GILL, Vice-President</b> <b>W. K. CLEVERLEY, Vice-President</b> <b>L. N. DeVAUSNEY, Vice-President</b> <b>H. W. DONOVAN, Cashier</b>	<b>O. M. JEFFERDS, Asst. Cashier</b> <b>C. C. FISHER, Asst. Cashier</b> <b>J. D. SMITH, Asst. Cashier</b> <b>B. I. DADSON, Asst. Cashier</b> <b>J. E. ORR, Asst. Cashier</b>

<b>DIRECTORS</b>		
<b>SAMUEL G. BAYNE</b> <b>WILLIAM K. CLEVERLEY</b> <b>EDWARD J. CURNISH</b> <b>MICHAEL J. DEGNON</b>	<b>HENRY C. FOLGER</b> <b>BENNETT L. GILL</b> <b>EDW. H. R. GREEN</b> <b>PETER McDONNELL</b>	<b>JOSEPH SEEP</b> <b>CHARLES C. THOMPSON</b> <b>WILLIAM H. WOODIN</b> <b>DAVID H. E. JONES</b>

**The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all**

**ACCOUNTS INVITED**

higher than that usually paid by commercial banks and is also higher than that paid by savings institutions.

**NATIONAL BANK OF COMMERCE IN NEW YORK INCREASES CAPITAL AND SURPLUS TO \$40,000,000**

The National Bank of Commerce in New York now has \$40,000,000 capital and surplus. The board of directors recently voted to transfer \$5,000,000 from undivided profits to the surplus account. This increase of fifty per cent. makes the surplus of the bank \$15,000,000.

Since the consolidation with the Western National Bank in 1903, the capital of the National Bank of Commerce in New York has been \$25,000,000, and the surplus \$10,000,000. With the present increase in surplus, the bank is able to offer additional accommodation to business interests for financing commercial transactions. The amount of outstanding acceptances which the bank may have is automatically increased.

This increase in the surplus account is further evidence of the progress of the bank made since James S. Alexander became president in 1911. At that time the bank's resources were in excess of \$207,000,000. On November 20, 1917, the date on which the last call for statement of condition was made by the comptroller of the currency, the bank showed total resources of \$710,000,000.

The tremendous expansion of this institution indicates the commanding position which New York has attained in the world's finance. The London "Statist" recently prepared a table of the world's largest banks according to standing at the close of 1916. Eliminating from that list four governmental banks, the National Bank of Commerce in New York stands sixteenth among the commercial banks of the world. Undoubtedly the "Statist" figures for the standing of banks at the close of 1917 will show the National Bank of Commerce in New York in a still more advantageous position.

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$800,000

## OFFICERS

JULIAN P. FAIRCHILD,  
WILLIAM HARKNESS,  
D. W. McWILLIAMS,  
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

*Vice-Presidents*

THOMAS BLAKE, *Secretary*  
HOWARD D. JOOST, *Assistant Secretary*  
J. NORMAN CARPENTER, *Trust Officer*  
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

At a meeting of the Board of Directors of the National Bank of Commerce in New York, held January 2, Faris R. Russell and Louis A. Keidel were elected vice-presidents of the bank; Richard W. Saunders was appointed cashier; and Louis P. Christenson was appointed assistant cashier.

L. A. Keidel, elected to the office of vice-president of the National Bank of Commerce in New York on January 2, 1918, entered the employ of that institution as auditor in February, 1912.

Mr. Keidel is a Westerner by birth and was in business for several years in the Middle West. He commenced working as a tally boy in a canning plant, and successively filled the position of telegraph messenger, telegraph operator, stenographer, bookkeeper, storekeeper, credit man and salesman.

In 1904 Mr. Keidel became associated with Price, Waterhouse Company, public accountants, in Chicago. The ability displayed by him in connection with this position gained for him the post of auditor in the reorganization of the Booth Fisheries Company.

Without previous experience in banking Mr. Keidel assumed his duties as auditor of the National Bank of Commerce in New York in February, 1912, and was appointed assistant cashier in December, 1913.

Mr. Keidel's careful analytical power and his close application to business principles amply qualify him for the office of vice-president of the National Bank of Commerce in New York.

F. R. Russell, elected vice-president

of the National Bank of Commerce in New York on January 2, 1918, is a Southerner by birth. After attending school he entered the employ of a cotton house.

At the age of 18, by answering an advertisement in a New York daily paper, Mr. Russell secured employment as messenger in the Western National Bank, which bank consolidated with the National Bank of Commerce in New York in 1903.

After leaving the messenger force he worked in several departments before reaching the loan department. In a short time he became loan clerk, and not long afterwards was appointed assistant cashier. He was appointed cashier in November, 1915. One of the chief factors responsible for Mr. Russell's attainments is the pleasure he gains from every detail of his daily work. Not only is he able to approach his problems from the larger economic viewpoint, but also from the practical side with his valuable experience of banking detail. The particular field in which Mr. Russell has specialized is analysis of investment. He is not, however, a specialist; he is pre-eminently a general bank man.

Richard W. Saunders, who has been appointed cashier of the National Bank of Commerce in New York, is a native Easterner, but as a boy he moved to Chicago, where he entered the employ of the Merchants Loan and Trust Company.

During his fourteen years with that institution he not only gained the position of receiving teller but also com-



# UNION COMMERCE

## *National Bank*

OF CLEVELAND

Capital \$4,000,000

Surplus 2,000,000

*"Expeditious Service now—  
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON, . . .	President	WALTER C. SAUNDERS, . . .	Cashier
GEORGE S. RUSSELL, . . .	Vice-President	HARRY E. HILLS, . . .	Asst. Cashier
WILLIAM E. WARD, . . .	Vice-President	CARL R. LEE, . . .	Asst. Cashier
ELMER E. CRESWELL, . . .	Vice-President	FRANK A. WHITE, . . .	Asst. Cashier
WILLIAM C. CAINE, . . .	Vice-President	FRED. W. COOK, . . .	Asst. Cashier

pleted a course of study at the night school of the Chicago College of Law and was admitted to the bar.

Mr. Saunders resigned his position with the Merchants Loan and Trust Company and entered the Western Electric Company as cashier. After a series of promotions, he was appointed assistant treasurer.

In May, 1915, he entered the employ of the National Bank of Commerce in New York. In the summer of 1916 he was appointed auditor. He was appointed assistant cashier in July, 1917, and cashier on January 2, 1918.

L. P. Christenson, recently appointed assistant cashier of the National Bank of Commerce in New York, was born in Minnesota. He received his early education in a small country school. He afterwards took a brief course in bookkeeping, banking and stenography.

His business career began as a clerk in a small South Dakota bank. In a short time Mr. Christenson was appointed cashier of this institution.

Feeling that chance of advancement was rather limited and that the future held little in store for him in this line, Mr. Christenson entered a law office. From the law, he entered the employ of a typewriting company as a traveling salesman, where he continued for three years.

He then entered the Booth Fisheries Company as a stenographer, holding every position in the office of this concern to assistant manager. He was thereupon made traveling auditor. When the firm was reorganized Mr. Christenson was transferred to the administrative end of the business, successfully managing several of the company's plants at different points throughout the Middle West.

In February, 1914, Mr. Christenson came to the National Bank of Commerce in New York. He worked in several departments of the bank and became familiar with the general working of the institution. In July, 1916, Mr. Christenson was appointed manager of

the credit department. The successful work performed thus earned for him promotion to the office of assistant cashier of the National Bank of Commerce in New York.

#### PROMOTIONS AT ATLANTIC NATIONAL BANK, NEW YORK

After the annual meeting of the stockholders of Atlantic National Bank in New York, it was announced that Frank E. Andruss had been elected a director and William F. Fitzsimmons appointed a vice-president.

Mr. Andruss, who is now cashier of the Atlantic and who will continue in that capacity, as well as being a director, started in the banking business twenty years ago as a junior clerk for Kountze



**F. E. ANDRUSS**  
Cashier and Director Atlantic National Bank,  
New York

Brothers, private bankers. When Kountze Brothers became interested in the Atlantic four years since, Mr. Andruss went into the bank with Herman D. Kountze.

Mr. Fitzsimmons, for the past three years assistant cashier of the Atlantic,

entered the banking business from the commercial field, with which he was connected for about fourteen years. Five years ago he joined the forces of the Irving National Bank and the



**WILLIAM F. FITZSIMMONS**  
Vice-President Atlantic National Bank, New York

Broadway Trust Company. His appointment to the vice-presidency of the Atlantic National Bank is a recognition of his successful work as a commercial banker.

#### JAPANESE BANK OPENS NEW YORK BRANCH

About February 15 the Sumitomo Bank, of Osaka, Japan, will open a New York office in the Singer Building. The Sumitomo Bank is one of the most influential banking institutions of Japan. Upon its incorporation in 1912 it took over the private bank of the Sumitomo family, which had been organized in 1871. Its capital and surplus amount to more than \$12,000,000 and it has total resources of more than \$127,000,000. Its head office is at

# National Bank of Commerce in New York

## PRESIDENT

JAMES S. ALEXANDER

## VICE-PRESIDENTS

R. G. HUTCHINS, JR.  
HERBERT P. HOWELL  
J. HOWARD ARDREY  
STEVENSON E. WARD  
JOHN E. ROVENSKY  
PARIS R. RUSSELL  
GUY EMERSON  
LOUIS A. KEIDEL

## CASHIER

RICHARD W. SAUNDERS



## AUDITOR

A. F. JOHNSON

## ASSISTANT CASHIERS

A. J. OXENHAM  
WILLIAM M. ST. JOHN  
A. F. MAXWELL  
JOHN J. KEENAN  
GASTON L. GHEGAN  
A. F. BRODERICK  
EVERETT E. RISLEY  
H. P. BARRAND  
H. W. SCHRADER  
R. E. STACK  
L. P. CHRISTENSON

## MANAGER FOREIGN DEPARTMENT

FRANZ MEYER

**CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000**

Osaka, in Japan, and it operates twenty-two branches in the cities of Tokio, Yokohama, Kobe, Osaka and other Japanese cities, where most of the important foreign business of Japan is transacted. The bank has already established branches in San Francisco, Seattle, Shanghai, Hankow and Bombay, and through the Sumitomo Bank of Hawaii, in Honolulu, it has extensive banking connections in the islands of the Pacific. The house of Sumitomo, of which Baron K. Sumitomo is now the head, besides controlling the Sumitomo Bank, Ltd., is actively interested in copper mines and smelters, copper works, coal mines, steel works, cable and wire works and other manufacturing and industrial enterprises in Japan.

Y. Yamashita, manager of the concern, was recently in this city as a member of the Japanese Finance Commission.

S. Imamura and K. Ohdaira, with the assistance of Shearman and Sterling, counsel to the bank, have completed the organization of the local branch.

## NEW YORK CHAPTER MAN RECEIVES MERITED PROMOTION

William Feick, who has been appointed assistant secretary of the Irving Trust Company, is one of the most popular men of the younger generation

of bankers in New York City. Mr. Feick entered the banking business in April, 1911, as a messenger of the New Netherland Bank. In 1914 he joined the credit department of the Broadway Trust Company (now the Irving Trust) and has made the credit field his particular specialty.

His activities in New York Chapter of the American Institute of Banking have served to widen the influence of the organization of which he is a graduate and a member of the board of governors. Mr. Feick last month enlisted as a student flier in the Aviation Corps and expects his assignment in the very near future.

## GUARANTY SECURITIES CORPORATION

At the annual meeting of the stockholders of Guaranty Securities Corporation the following directors were elected for the ensuing three years: H. Mercer Walker, vice-president Equitable Trust Co.; W. B. Joyce, president National Surety Co.; William M. Ramsay, agent Merchants Bank of Canada, New York; E. S. Maddock, president, and Paul Fitzpatrick, vice-president of the corporation. The following directors continue in office: J. D. Dort, president Dort Motor Car Co.; Charles P. Howland, of Murray, Prentice & Howland, attorneys, New York city; D. R. McLennan, of Marsh & McLennan, insurance, New York and



## 100 YEARS OF COMMERCIAL BANKING

LOUIS G. KAUFMAN

President

FRANK J. HEANEY

Vice-President

WILLIAM H. STRAWN

Vice-President

NORBORNE P. GATLING

Vice-President

H. A. CLINKUNBROOMER

Vice-President

ROLFE E. BOLLING

Vice-President

WALLACE T. PERKINS

Vice-President

WALTER B. BOICE

Asst. Cashier

VINTON M. NORRIS

Asst. Cashier

RICHARD H. HIGGINS

Vice-President

BERT L. HASKINS

Vice-Pres. and Cashier

C. STANLEY MITCHELL

Vice-President

MAX MARKELL

Vice-President

GEORGE R. BAKER

Vice-President

HENRY L. CADMUS

Asst. Cashier

HENRY C. HOOLEY

Asst. Cashier

JOSEPH BROWN

Asst. Cashier

GEORGE M. HARD

Chairman

ACCOUNTS INVITED

Resources One Hundred and Three Million Dollars

Chicago; T. G. Meachem, vice-president New Process Gear Corporation; Stanley Roberts, president Roberts-Toledo Auto Co.; Alfred P. Sloan, Jr., president United Motors Corporation, New York city; George C. Van Tuyl, Jr., president Metropolitan Trust Co., New York city, and John N. Willys, president Willys-Overland Co., Toledo.

At the regular annual meeting of the directors, the following officers were reelected: George C. Van Tuyl, Jr., chairman of the board; E. S. Maddock, president; Paul Fitzpatrick, vice-president; H. M. Benson, secretary; W. J. Bold, assistant secretary and assistant treasurer. Burt A. McDonald, in charge of the Canadian office of the corporation, and H. L. Wynegar, vice-president Guaranty Banking Corporation of Chicago, were elected vice-presidents, and F. A. Franklin was elected treasurer and assistant secretary.

The directors declared the regular two per cent. dividend for the quarter ended December 31, 1917.

The Corporation is now located at its new banking quarters, 244 Madison avenue, New York, having recently moved from its former offices in the Equitable building.

### THE PERSONAL ELEMENT IN BANKING

Although these are busy times in the great city banks, they are not too busy

to preclude the personal element from being kept well to the fore. An evidence of this was afforded by the Irving National Bank of New York in holding what is described as "an old-fashioned open house" on the afternoon of December 29. Everywhere the personal note was strongly in evidence. Customers of the bank were invited to come in and meet their friends, and their reception by the officers and directors left nothing to be desired in the way of informality and simplicity. It was pleasant and comfortable and neighborly. Greetings of the season were exchanged—the different departments of the bank visited—features of interest pointed out, refreshments served, and everybody went away feeling that after all the holiday season means something.

### NEW DIRECTOR OF GUARANTY TRUST COMPANY, NEW YORK

At the annual meeting of the stockholders of the Guaranty Trust Company of New York on January 16, Walker D. Hines, chairman of the board of directors of the Atchafalaya, Topeka and Santa Fe Railway Company, was elected a director of the Guaranty Trust Company for the term of three years.

Mr. Hines was born at Russellville, Ky., on February 2, 1870. He was

# THE CITIZENS NATIONAL BANK OF NEW YORK



**Capital and Surplus**  
**\$5,000,000**

**Resources**  
**December 31, 1917**  
**\$46,000,000**

## OFFICERS

**EDWIN S. SCHENCK, President**

**FRANCIS M. BACON, JR., Vice-Pres.**

**ALBION K. CHAPMAN, Cashier**

**JAMES McALLISTER, Asst. Cashier**

**CLIFFORD R. DUNHAM, Asst. Cashier**

**GARRARD COMLY, Vice-Pres.**

**JESSE M. SMITH, Asst. Cashier**

**WILLIAM M. HAINES, Asst. Cashier**

**ROBERT B. RAYMOND, Mgr. Foreign Dept**

graduated from Ogden College in 1888, and from the law department of the University of Virginia in 1893. He entered the employ of the Louisville and Nashville Railroad Company as assistant attorney in 1893, and was made vice-president of the same road in 1900. Since 1906, when Mr. Hines came to New York city, he has been general counsel for the Atchison, Topeka and Santa Fe Railway Company, becoming chairman of the board of directors two years later. He has engaged in general law practice in New York city. He is a member of the Association of the Bar of the City of New York, and is the author of numerous pamphlets and articles on governmental and railroad problems, especially those connected with governmental regulation of railroads.

### BANKERS TRUST COMPANY PROMOTIONS

Several promotions were made by the directors of the Bankers Trust Company of New York at their recent meeting.

B. W. Jones, who has been secretary of the company, and Samuel M. Greer, formerly with the Chesapeake and Potomac Telephone Company, were elected vice-presidents; G. F. Trefcer and L. C. Outcault were appointed assistant treasurers.

Mr. Jones entered the service of the Mercantile Trust Company in 1896 and was appointed assistant secretary in 1905. This position he continued to hold after the merger with the Bankers Trust Company in 1911, until he was elected secretary of the company in January, 1916. Mr. Jones has been active as secretary of the committees of many important reorganizations which have been handled by the Bankers Trust Company during recent years, and is looked upon as an authority in this particular field. He will continue to exercise general supervision of the reorganization, transfer, registration and coupon divisions of the company. Mr. Jones has been for some time and is at present in the service of the Gov-

**B. W. JONES**

Vice-President Bankers Trust Company, New York

**SAMUEL M. GREER**

Vice-President Bankers Trust Company, New York

ernment at Washington as executive secretary of the War Credits Bureau.

Samuel M. Greer, the new vice-president, has been connected with the telephone industry, and gives up his position as general commercial superintendent of the Chesapeake & Ohio & Potomac Telephone Company to come with the bankers. Mr. Greer entered the telephone business when a boy of sixteen, with the former New Jersey and New York Telephone Company. He was later transferred to the Metropolitan Telephone & Telegraph Company, in which he occupied various positions until his appointment as chief clerk in the office of U. N. Bethell in 1905. In 1908 Mr. Greer became commercial manager of the New York Telephone Company's Long Island Division, subsequently filling various managerial positions with this company until his resignation in 1913 to accept the office of general superintendent of the Chesapeake & Potomac Telephone Company. When H. P. Davison went to Washington to take charge of the American Red Cross he selected Mr. Greer to become director of the bureau of development. Here Mr. Greer has been doing splendid work, which he will continue for a few months longer.

George F. Trefcer, appointed assistant treasurer, has been with the company for many years, having first entered the Mercantile Trust Company as office boy twenty-five years ago. Later he was made paying teller of the Mercantile, from which position he was promoted to chief clerk of the Bankers in 1912.

L. C. Outcault, assistant treasurer, gained his first banking experience in the Leather Manufacturers', later the Mechanics & Metals National Bank, coming to the Bankers fourteen years ago. During practically all this time he has been chief paying teller, having recently been promoted as an assistant in the treasurer's department.

#### AMERICAN EXCHANGE NATIONAL'S ANNUAL DINNER

President Lewis L. Clarke of the American Exchange National Bank, New York, gave a dinner on January 8 at the Metropolitan Club to the staff of the new business department of the bank. The officers of the bank were present in a body and following the dinner there was a general discussion of plans for the future.

The American Exchange National



## A Service Suited to Your Needs

Now is the time when your New York business requires close personal attention. Our facilities permit this kind of service.

### ATLANTIC NATIONAL BANK

257 BROADWAY, NEW YORK

CAPITAL, SURPLUS AND UNDIVIDED PROFITS \$1,800,000

RESOURCES OVER \$20,000,000

Bank has inaugurated an annual meeting for those connected with its new business department, which affords an opportunity for the out-of-town men to meet yearly at the home office.

During the dinner, President Clarke reminded those present that six years had passed since the great fire which destroyed the Equitable Building and which made it necessary for the bank to reconstruct its offices.

#### TRUST COMPANY'S MUNICIPAL BOND DIVISION

The Guaranty Trust Company of New York has added to its bond department a municipal division, for the purchase and sale of a general list of municipal bonds. The operation of this division will be in charge of Charles F. Batchelder, who was connected for several years with E. H. Rollins & Sons, in Boston and Chicago.

Hamilton Candee, formerly with Kissel, Kinnicut & Company, also has become associated with the bond de-

partment of the Guaranty Trust Company, where he will continue his activities in the selling of securities.

#### NEW ASSISTANT SECRETARIES

At a meeting of the executive committee of the Guaranty Trust Company of New York on December 27, Ralph Dawson and Frank J. Frost were appointed assistant secretaries.

Mr. Dawson has been assistant manager of the foreign department of the Guaranty Trust Company since 1914. He entered the company as foreign exchange clerk, and was made head clerk of the foreign department, being in charge of its organization. Later he became auditor, returning to the foreign department three years ago as senior assistant manager. Mr. Dawson was born in Brooklyn in 1884.

Mr. Frost became associated with the new business department of the Guaranty Trust Company in May, 1917, subsequently engaging in special work for the company. He was born

Permit Us To Handle Your Buffalo Business

# Citizens Commercial Trust Company

Capital and Surplus - \$2,500,000.00

Resources - - - 19,000,000.00

MEMBER FEDERAL RESERVE SYSTEM

in St. Louis in 1878, and was graduated from the University of Missouri in 1901. He is also a lawyer. David Porter Hughes has also been appointed an assistant secretary of the Guaranty Trust Company.

At a meeting of the executive committee of the Guaranty Trust Company of New York on December 20, John A. Griswold was appointed manager of the Madison Avenue office of that company at Sixtieth street and Madison avenue, New York.

Mr. Griswold was born in Troy, New York, September 23, 1882, and was graduated from Williams College in 1904. From 1906 to 1914 he was associated with Messrs. Jackson & Curtis, during the last two years of that period being manager of their New York office. In 1915 he became assistant treasurer of G. M. P. Murphy & Company, which was succeeded by the Finance & Trading Corporation, of which Mr. Griswold became treasurer. He resigned from that corporation in September, 1917, to become associated with the Guaranty Trust Company.

Mr. Hughes was born in Philadelphia in September, 1885. He was graduated from the Haverford School at Haverford, Pa., in 1904, and came to New York in that year to begin his business career as a bank messenger.

Mr. Hughes was connected with the Standard Trust Company prior to its being taken over in 1912 by the Guaranty Trust Company of New York, since when he has been in the loan and securities department of the Guaranty's Fifth Avenue office.

## THE WORLD'S HOLIDAYS

What is believed to be the first attempt to compile a complete list of the holidays of all nations has been made by the Guaranty Trust Company of New York. The result is a booklet of 145 pages, through which the reader may determine in a moment whether any particular day of the year is a holiday anywhere in the world, or, if the question is approached from the opposite side, what days in the year are celebrated as holidays by any particular country.

According to this catalogue 261 holidays will be observed this year by one or more of the ninety-seven nations or dependencies listed. Not all of these are legal holidays. Many of them are observed merely as a matter of custom and receive semi-official confirmation by being published by local chambers of commerce or in the year books or almanacs of the different countries. During the coming year fifty-four holidays will be observed in the United States. While some of them, such as New Year's Day, Washington's Birthday, Independence Day and Thanksgiving Day, are observed by all the states and by the District of Columbia, such observation is solely a matter for each state to determine for itself, there being in this country no national legal holiday.

To make reference easy the booklet is divided into two parts. The first is a holiday calendar for 1918. Under each day and date of the year is given a list of the political subdivisions every-

where in the world where that day and date are observed as a holiday. In the second part a list of these political subdivisions is given and under each one the dates and names of all holidays celebrated there during the year. War has had its effect upon these holidays. Many more than those listed are observed in ordinary peace years because in the warring nations of Europe many of the minor holidays are not being observed at present.

The booklet is designed for the use of bankers and merchants doing an international business. Its compilation was made necessary by the new position of world leadership taken by American bankers and business men. A knowledge of what days are closed to business in any given country is highly important in carrying on international trade.

#### NEW YORK BANKER GOES TO RUSSIA

J. C. Traphagan, secretary of the Mercantile Trust and Deposit Company, has been selected to control the finances of the Young Men's Christian Association in Russia, and has left New York for his new post of duty.

#### SOME HAPPENINGS IN NEW YORK FINANCIAL INSTITUTIONS

Carroll Ragan has been appointed publicity manager of the Columbia Trust Company.

Horace C. Sylvester, Jr., has been elected vice-president of the National City Company, and he will continue to have charge of the purchase and sale of state and municipal bonds for the company. Mr. Sylvester was for sixteen years associated with N. W. Halsey & Co., and when that concern was taken over by the National City Company a year ago last September he was placed at the head of the state and municipal bond department.

J. P. Maguire has been appointed an assistant cashier of the Liberty National Bank. He has been connected with the bank for about six years and for the past two and a half years has acted as manager of the credit department.

## Resources

**\$17,000,000.00**

**If intelligent handling of items and low rates appeal to you send us your Buffalo business**



## Try our Service

**and you will be entirely satisfied**

**A. D. BISSELL, President**  
**C. R. HUNTLEY, Vice-Pres.**  
**E. H. HUTCHINSON, Vice-Pres.**  
**E. J. NEWELL, Vice-Pres.**  
**HOWARD BISSELL, Cashier**  
**C. G. FEIL, Asst. Cashier**  
**A. J. ALLARD, Asst. Cashier**  
**G. H. BANGERT, Asst. Cashier**

# Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

*Send for our booklet*

**"The Transfer of Reserves  
To Federal Reserve Banks"**

THE

## Philadelphia National Bank

(ORGANIZED 1893)

Kelly Graham has been appointed an assistant cashier of the Irving National Bank. Mr. Graham, who has been with the Irving during the past year, formerly was with the Citizens National Bank of Louisville, Kentucky, and has a wide acquaintance throughout the Southern States.

Francis L. Hine, president of the First National Bank, is a new director of the Fifth Avenue Bank.

The Citizens National Bank of New York has added \$450,000 to its surplus fund, making the bank's capital and surplus \$5,000,000.

Carl J. Schmidlapp, vice-president of the Chase National Bank, has been elected a director of the American Cotton Oil Company to succeed A. Barton Hepburn, who resigned.

The Mercantile Bank of the Americas has increased its capital to \$2,500,000 and its surplus to \$625,000.

Some time in April the Public National Bank of New York will open a

branch at 3718 Third Avenue, in the Bronx.

### NEW YORK STATE BANKS AND TRUST COMPANIES

Institutions under the supervision of the New York State Banking Department enjoyed a period of prosperity during 1917. State Superintendent of Banks George I. Skinner reports that from September 20, 1916, to November 14, 1917, the total resources of the trust companies of the state increased from \$2,626,431,407 to \$3,164,170,014, a gain of \$537,738,607. Their total deposits increased from \$2,241,832,017 to \$2,630,085,223, and their capitalization from \$94,200,000 to \$115,260,700. The number of trust companies increased from 89 to 99.

The total resources of state banks during the same period increased from \$840,704,210 to \$932,437,232, an increase in total resources of \$91,733,023. There was an increase in their total deposits from \$739,033,716 to \$819,341,-



## EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION  
NATIONAL  
BANK**



**PHILADELPHIA**  
Resources over  
**\$13,000,000**

180, while their aggregate capital increased from \$35,326,000 to \$38,549,600. The number of state banks on November 14, 1917, was 212, as compared with 202 state banks on September 20, 1916.

From July 1, 1916, to July 1, 1917, the date of their last report to the department, the aggregate resources of the savings banks of the state increased from \$2,053,171,981 to \$2,172,916,413, and their deposits from \$1,883,242,203 to \$1,991,469,146.

The total resources of the authorized private bankers on November 14, 1917, were \$15,505,206, and their deposits \$10,069,544.

From September 20, 1916, to November 14, 1917, ten new state banks were authorized, while three discontinued business. The patriotic response made by the banks to the call of the National Government in connection with the two Liberty Loans is shown in the item, "Public Securities;" the amount of such investments held on

November 14 last totaled \$89,222,511, an increase since November 29, 1916, of \$63,844,646.

### A. B. A. EMPLOYEES FORM WAR SAVING SOCIETY

The American Bankers Association Employees' War Savings Society of New York city has been formed by the office force of the association at 5 Nassau street, New York, in accordance with the Treasury Department's plan for the organization of such societies throughout the country. Those who signed the membership application pledged themselves: (1) To systematic saving; (2) to help save American lives by refraining from the purchase of unnecessary things, so setting free for the use of the Government labor and material it must have; (3) to use their best endeavors to encourage saving and discourage unnecessary buying in their communities; (4) to secure new members for the society; (5) to invest a suitable amount of savings in United

# INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

JOSHUA M. ADDEMAN	H. MARTIN BROWN, President	HENRY B. CONGDON	Secretary
JAMES M. SCOTT	Vice-President	J. CUNLIFFE BULLOCK	Trust Officer
FRANK C. NICHOLS	Vice-President	ELMER F. SEABURY	Assistant Treasurer
SAMUEL M. NICHOLSON	Vice-President	HARRY C. OWEN	Assistant Secretary
WARD E. SMITH	Treasurer	HENRY C. JACKSON	Assistant Secretary

States War Savings Stamps and Thrift Stamps, and to influence others to do the same.

It is intended that the A. B. A. unit, through the introduction of educational features in connection with the meetings, shall become one of the model societies of its kind. At the organization meeting by-laws were adopted and the following officers were elected: President, George E. Allen, educational director American Institute of Banking; vice-president, Alexander Del Mar; secretary, Leroy A. Mershon, secretary of the Trust Company Section; assistant secretary, Miss Anna P. Besant; treasurer, Otis Scott.

## NEW PRESIDENT OF THE COMMERCIAL TRUST COMPANY, PHILADELPHIA

Thomas De Witt Cuyler has become chairman of the board of the Commercial Trust Company, Philadelphia, and John H. Mason has succeeded him as president. Mr. Mason became teller of the company at the time of its organization in 1900, was elected treasurer in 1902 and vice-president in 1906.

## CENTRAL NATIONAL, PHILADELPHIA

To succeed the late Wm. T. Elliott, William Post has been elected president of the Central National Bank of Philadelphia. Mr. Post began his duties with the bank as messenger in 1871, being promoted to the discount and credit departments and to the positions of assistant cashier, cashier and

vice-president. William Y. Conrad succeeds Mr. Post as vice-president, retaining the cashiership also.

## PHILADELPHIA'S ADVANTAGES

In a recent number of "The Corn Exchange," published by the Corn Ex-



CHARLES S. CALWELL  
President Corn Exchange National Bank, Philadelphia

change National Bank, is the following striking presentation of some of Philadelphia's advantages:

# The National Stock Yards National Bank AND The National Cattle Loan Company

ST. LOUIS NATIONAL STOCK YARDS, ILLS.

Are the largest cattle financing institutions in the Eighth Federal Reserve District

**WIRT WRIGHT**  
President

**O. J. SULLIVAN**  
Vice-President

**ROBERT D. GARVIN**  
Cashier

Philadelphia, as the great port of the great State of Pennsylvania, and the immediate center of the world's greatest shipbuilding production, stands to win and hold leadership in this great world-supplying campaign. Not only is the city rich in everything necessary to make a great industrial center, through nearness to sources of supply covering all raw materials, but the great development of the Lehigh Valley during the present war period has brought a new ally to the old Quaker City—an ally located practically at her very door.

It startles one to remember that the great steel works and cement development in the Lehigh Valley section are only separated from Philadelphia by twice Philadelphia's own diameter; in other words, from the northeastern boundary of Philadelphia to the southwestern boundary is over twenty-four miles, and Bethlehem, the heart of the Lehigh section, is less than fifty miles from Philadelphia. On the other hand, two diameters of the city itself carry us into the heart of the richest agricultural county in the country—Lancaster county.

## GROWTH OF PITTSBURGH BANKS

Treating of commercial conditions in the Pittsburgh District, the People's National Bank says:

It is appropriate here to congratulate the Pittsburgh district upon the acquisition of a branch in this city of the Federal Reserve Bank of the Fourth District. This branch has been organized by the election of a board of directors and manager, and will soon be in regular operation. It will greatly facilitate the transaction of interbanking business in this district. During the closing weeks of 1917 several of the largest trust companies of the city became members of the Federal Reserve System, and early in the new year there are likely to be important additions. This movement, which it is hoped will become general throughout the country, will

strengthen the Federal system, and tend to solidify our national banking resources.

In this connection it is interesting to note the remarkable growth in local banking. In 1914 the aggregate resources of the chartered banks and trust companies of the city of Pittsburgh proper were \$608,000,000. Today this total is in excess of \$946,000,000. Within this period the deposits of the national banks have more than doubled, and their resources have increased

## The <sup>B/L</sup> Collection Bank of Chicago



We have a special proposition for any bank or corporation handling bill of lading drafts on Chicago and Eastern points.

**UNION TRUST COMPANY**  
Chicago

*Strictly a Commercial Bank  
Member of the Federal Reserve System  
Established 1869*

# SEND YOUR BUSINESS

ON THE

## Twin Cities AND THE Northwest

TO THE

CAPITAL AND SURPLUS  
TEN MILLION DOLLARS

*We are prepared to meet your most exacting requirements and cordially invite you to write to us*



from \$283,000,000 in 1914 to \$490,000,000 at the present time.

### RECORD OF GROWTH OF THE PEOPLE'S NATIONAL BANK, PITTSBURGH, PA.

Year	Capital, Surplus and Profits	Gross Deposits	Total Resources
1908...	\$2,806,508	\$11,915,883	\$15,997,865
1909....	2,829,823	14,772,908	18,616,595
1910....	2,862,798	13,549,125	16,999,523
1911....	2,884,686	13,679,974	17,352,021
1912....	2,922,535	13,979,354	17,672,942
1913....	2,958,475	15,124,638	19,561,615
1914....	2,856,652	14,270,493	17,339,648
1915....	2,942,299	16,842,123	25,018,007
1916....	2,975,547	23,145,029	29,351,127
1917....	3,215,977	28,187,997	32,382,671

### MELLON NATIONAL, PITTSBURGH

At the close of the last year the Mellon National Bank of Pittsburgh reported deposits of \$124,752,465 and total resources of \$142,266,102; capital \$6,000,000; surplus, \$3,200,000, and undivided profits, \$940,155. The bonds, securities, etc., other than United States bonds, amounted to \$37,881,693, while the total of United States bonds was \$26,327,194.

### NEW VICE-PRESIDENT, INDUSTRIAL TRUST CO., PROVIDENCE

F. M. Howe, until recently cashier of the Federal Reserve Bank of Boston, has been elected vice-president of the Industrial Trust Co., Providence, R. I., and has assumed the duties of that office. Mr. Howe began his banking career in 1897 with the Hudson (Mass.) National Bank and after three years

went to the Old Colony Trust Co., Boston, where he remained as assistant treasurer and assistant cashier, with the exception of one year in New



F. M. HOWE

Vice-President Industrial Trust Co., Providence

York, until November, 1914. At that time he became cashier of the Federal Reserve Bank of Boston, where he has since remained until taking up his present work in Providence.

Established  
1857



60 Years of Con-  
servative Banking

The  
**Mechanics-American  
National Bank**  
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$50,533,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND  
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President  
JACKSON JOHNSON . . . Vice-President  
EPHRON CATLIN . . . Vice-President  
JOSEPH S. CALFEE . . . . . Cashier

CHARLES L. ALLEN . . . Asst. Cashier  
JAMES R. LEAVELL . . . Asst. Cashier  
C. H. CHASE . . . . . Asst. Cashier  
RICHARD L. KING . . . Asst. Cashier

BOSTON SAFE DEPOSIT AND TRUST  
COMPANY

This institution, which was incorporated in 1874 and now has \$1,000,000 capital and \$2,000,000 surplus, reports that Albert E. Taylor was recently elected assistant trust officer of the company.

GUARANTY TRUST CO., CAMBRIDGE, MASS.

Lloyd A. Frost has succeeded Henry W. Langley as treasurer of the Guaranty Trust Co., Cambridge, Mass. Mr. Langley, who has served as treasurer for the past five years, resigned to engage in other business.

Mr. Frost is a Cambridge man, who has had long banking experience. He is forty-two years of age. His first experience was with the Michigan Savings Bank, of Detroit, where he was from 1892 to 1895. He came to Boston that year and went to work for the International Trust Co., remaining with that company for fifteen years, filling every position up to and includ-

ing that of trust officer. He resigned in 1910 to accept the position of secretary of the Shawmut Commercial Paper Co. Two years ago he was elected treasurer of the company, passing upon all its loans and investments. The company deals in commercial paper, buying notes and making loans, using its own capital for the purpose. Mr. Frost is considered one of the best posted men on commercial paper in Boston. While engaged in his work as treasurer of the company Mr. Frost spent his spare time the past five years in acquiring a legal education and last spring graduated from the Northeastern College Law School, in Boston, and was admitted to the Massachusetts bar last September.

Since coming to Cambridge to reside Mr. Frost has taken a keen interest in church and civic affairs. He is president of the Agassiz School Association, a member and past president of the Economy Club, clerk of the Church of the New Jerusalem, a director in the



At the Gateway to the Great Southwest

# **The National Bank**

## **of Commerce**

### **IN ST. LOUIS**

offers its services for the prompt and dependable handling of your banking business in this section of the country

**Capital, Surplus and Profits, over \$13,000,000.00**

*“Large enough to serve any—  
Strong enough to protect all”*

JOHN G. LONSDALE, President  
W. B. COWEN, Vice-President J. A. LEWIS, Vice-President and Cashier  
R. F. McNALLY, Vice-President

New-Church Theological school and a member of the committee of the Harvard Square federated churches.

#### NATIONAL BANK OF COMMERCE IN ST. LOUIS

From a letter to the stockholders, written by John G. Lonsdale, president of the National Bank of Commerce in St. Louis, the following extracts are taken:

Our loans and discounts are \$10,000,000 more than in 1915; our surplus and undivided profits over \$1,000,000 more than in 1915; in November, 1915, we had made no reservation for taxes, etc.; in November, 1917, we had reserved for taxes \$123,734.45, and for building construction account, \$60,500; our total net deposits over \$20,000,000 more than in 1915, and our final totals almost \$20,000,000 more than in 1915.

We have organized a savings department, through which we are thoroughly equipped to render every service that can be rendered through an up-to-date department of this kind. No institution in this city can give the same measure of security that we give to our depositors. Our depositors are protected by a twenty-three-million-dollar safety guarantee—the largest offered to de-



JOHN G. LONSDALE  
President National Bank of Commerce in St. Louis

---

# A Book for Bankers—

Our booklet "Essentials in the Granting of Bank Credits" should prove interesting to every banker. It describes the principles and methods which are observed, and contains a general description of bank credit department methods.

We shall be glad to mail you a copy of this booklet upon request.

## Mississippi Valley Trust Co.

*Member Federal Reserve System*

ST. LOUIS

MISSOURI

---

positors by any bank west of the Mississippi River.

We have organized a Liberty Loan department, for the purpose of rendering all possible assistance to the Government, and at the same time affording convenient facilities to our customers who desire to invest in Government securities.

Our bank has become agent and stockholder of the American Foreign Banking Corporation of New York, through which connection we are enabled to offer exceptional facilities for financing foreign trade. An active campaign, for this class of business will soon be inaugurated.

We are planning the organization of a trust company, to be operated under the management of this bank.

The present condition of the bank is eminently sound, and the future looks bright.

### BANK PUBLICITY MANAGER MAKES A CHANGE

Advertising work has proved so interesting and successful to F. H. Staley, publicity manager for the National Bank of Commerce in St. Louis that he will devote his time to it exclusively hereafter, having become vice-president of the Shuman Advertising

Company of Chicago, in charge of the St. Louis branch.

### THIRD NATIONAL, ST. LOUIS

At its annual meeting the Third National Bank, St. Louis, declared an extra dividend of two per cent., and elected A. W. Haill assistant cashier and W. C. Tompkins auditor. Mr. Tompkins returns to the Third National, with which he was connected for a number of years, from the First and Old National of Detroit. Mr. Haill was assistant auditor for some time and held the position as auditor during Mr. Tompkins' absence in Detroit.

No change was made in the directorate of the bank.

### DEATH OF NOTED ST. LOUIS BANKER

There died at St. Louis recently Tom Randolph, chairman of the board of the National Bank of Commerce in St. Louis, and one of the well-known bankers of the country.

Mr. Randolph was born at Rome,

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

*Capital & Surplus, \$2,500,000    Resources, \$13,940,000*

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.

CLINTON G. MORGAN, Cashier

JOSEPH W. LEFFLER, Asst. Cash.

WILLIAM B. WEBB, Asst. Cash.

Tenn., on November 13, 1854. When four years old his parents moved to Texas, where he was educated in private schools. July 31, 1889, he was married to Miss Fay Binkley. From 1859-1903 he made his home in Sherman, Tex., and it was there at an early age that he started on his financial career. He was then a messenger for the Merchants and Planters National Bank. At the age of 18 Mr. Randolph became cashier, and in 1886, when 32 years old, president of the bank, in which he started.

In 1903 he came to St. Louis as president of the Commonwealth Trust Company. When the National Bank of Commerce took over the Commonwealth Trust Company several years later Mr. Randolph was made vice-president of the former institution, and in April, 1913, after the resignation of B. F. Edwards, as president, he was elected president of the National Bank of Commerce. Two years ago he was

made chairman of the board of directors.

Mr. Randolph was a director of the Equitable Life Assurance Company and the Cotton Belt Railroad. For several years he was a member of the executive council of the American Bankers' Association.

His rise to prominence well illustrates the opportunities afforded in the banking business for men of integrity, energy and ability.

HIBERNIA BANK AND TRUST COMPANY,  
NEW ORLEANS

John J. Gannon, president of the Hibernia Bank and Trust Company, New Orleans, and one of the South's leading bankers, has been elected a director of the Mercantile Bank of the Americas. He will make a strong addition to the board of this institution, and his appointment is a fitting one personally and because of the large interest which New Orleans has in Latin American trade.

The following changes were recently made in the officers of the Hibernia Bank and Trust Company:

Charles Palfrey was made vice-president, Paul Villere cashier, and William F. Tutt assistant cashier.

Mr. Palfrey, who would have celebrated next month his thirty-sixth anniversary as cashier of the Hibernia Bank, was promoted to a vice-presidency. Mr. Palfrey is one of the oldest bankers in point of service in New Orleans, and is undoubtedly one of the best-known bankers in Louisiana.

Paul Villere has been continuously connected with the Hibernia Bank and its predecessors since 1894 and has filled practically every position in the bank. He was made assistant cashier in 1907 and has now been promoted to the cashiership.

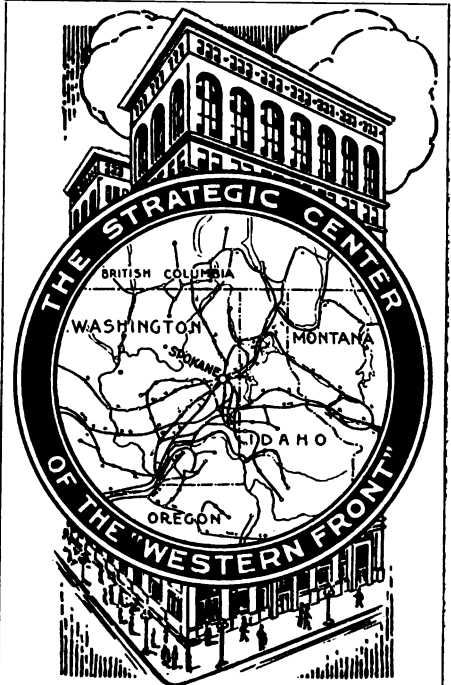
William F. Tutt became connected with the Hibernia Bank in 1905, when he resigned his position as secretary-treasurer of the Louisiana Tobacco Company, and after filling various positions in the bank, has been note teller for several years past. He is now promoted to an assistant cashiership.

John J. Gannon, president; Hugh McCloskey, R. W. Wilmot, L. M. Pool and Mr. R. S. Hecht, vice-presidents, and all other officers were reelected.

#### BANKERS TRUST COMPANY OF NEW ORLEANS STARTS BUSINESS

The Bankers Trust Company of New Orleans has opened its doors for business in the banking house which it has recently purchased—No. 619-627 Common street—this being the building which was occupied for many years by the State National Bank, and which is ideally located for banking purposes, and which has been entirely remodeled and fitted with white marble and bronze bank fixtures and all modern appliances and conveniences.

The Bankers Trust Company was recently chartered under the state banking laws of Louisiana to do a general banking, savings bank, safe deposit and trust business and is a member of the American Bankers Association, the Louisiana Bankers Association,



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## The Old National Bank of Spokane

Its collection department is in constant touch with Spokane's 19 railroads—seven of which are trans-continental.

#### OFFICERS

D. W. TWOHAY, President  
T. J. HUMBIRD, Vice-President  
W. D. VINCENT, Vice-President  
J. A. YEOMANS, Cashier  
W. J. SMITHSON  
G. H. GREENWOOD J. W. BRADLEY  
B. L. JENKINS E. P. RANDALL  
Assistant Cashiers

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counts Thru the  
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Chicago

tion, the New Orleans Clearing-House Association and will join the Federal Reserve System as soon as the necessary formalities can be complied with.

The capital of the Bankers Trust Company is \$200,000, and it has a paid-in surplus of \$20,000. The stock is all owned by the stockholders of the Bankers' Loan and Securities Company, Inc., of New Orleans, which company was organized about a year and a half ago with a capital of \$1,500,000, and has been successfully conducting a large mortgage loan, stock, bond and investment banking business.

James L. Wright, the president of the Bankers' Loan and Securities Company, is chairman of the board of directors of the Bankers Trust Company. Mr. Wright was for about five years the secretary-treasurer of the Pan-American Life Insurance Company of New Orleans, and prior to that was

identified for a number of years with the rice industry at Crowley, La.

F. Prevost Breckinridge, the president of the Bankers Trust Company, is one of the vice-presidents of the Bankers' Loan and Securities Company, Inc., and was for about ten years the active executive officer of the City Bank and Trust Company of New Orleans—first as cashier and later as president—and in the management of which he was conspicuously successful. He was subsequently manager of the Public Cotton Warehouses, Grain Elevator and Terminal of the Board of Commissioners of the Port of New Orleans.

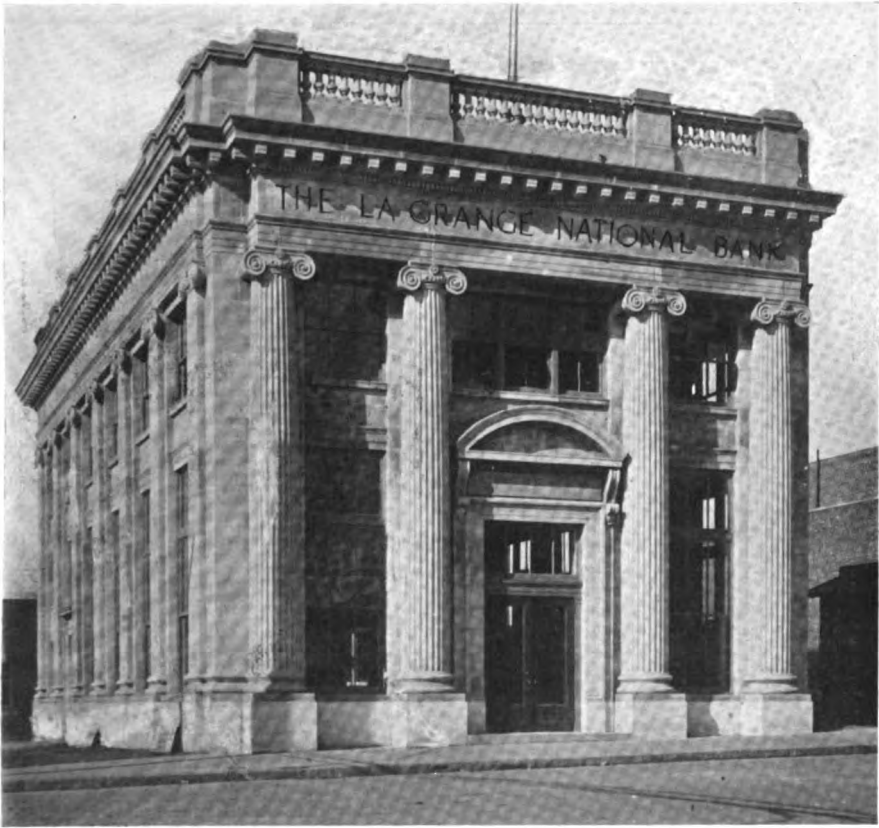
R. B. Bishop, vice-president of the Bankers Trust Company is also one of the vice-presidents of the Bankers' Loan and Securities Company, Inc., and was formerly president of the Reynolds Mortgage Company of Fort Worth, Tex., where he was engaged in the mortgage loan business for the past twenty-seven years.

J. S. Voorhies, cashier of the Bankers Trust Company, was for about five years connected with the People's Bank and Trust Company of Lafayette, La., and the American Bank and Trust Company of Vicksburg, Miss., in various capacities, and subsequently, for the past five years, has been connected with the bank audit staff of Marwick, Mitchell, Peat & Co., public accountants.

#### NEW HOME OF THE LA GRANGE NATIONAL BANK

The new building of the La Grange (Ga.) National Bank, which has just been completed, fulfills the assertion made when the plans were prepared that the structure would be one of the handsomest bank edifices in the South. The building proves that there is no art greater than simplicity, particularly is this so when that art is architecture and it is represented by a structure always in the public eye. Hoggson Brothers, the bank building specialists of New York, Atlanta and Chicago, designed, built and equipped the building throughout.

The La Grange National Bank was



La Grange National Bank, La Grange, Ga.

organized in 1905 with a capital of \$150,000. Its history is one of rapid development along conservative lines, and as a result of its increasing volume of business the new home with its commodious working space and all modern equipment so essential to present-day banking requirements, became absolutely imperative.

The officers of the bank are: Fuller E. Callaway, president; C. V. Truitt and F. M. Longley, vice-presidents; R. C. Key, cashier, and H. G. Traylor, assistant cashier.

#### COMMITTEE ON ACCEPTANCES

R. S. Hecht, president of the American Institute of Banking, has announced the following committee on acceptances for the Eighth Federal Reserve District, to collaborate with similar committees of the American Bank-

ers Association and the United States Chamber of Commerce: F. K. Houston, vice-president Third National Bank, St. Louis; C. F. Herb, vice-president Mississippi Valley Trust Co., St.

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AS the manufacturer or other seller who uses trade acceptances can employ his capital to better advantage than under the open book account system, his business has a smaller operating cost.

Moreover, his use of the trade acceptance will reduce loss of interest and loss from bad debts, thus further lessening his cost of doing business. It is apparent, therefore that the general adoption of the trade acceptance system would tend to lower the cost of living, and that is another reason why the First National is strongly in favor of it.

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banking business and has served as vice-president and secretary of the Richmond Chapter, American Institute of Banking.

At a meeting of the board of directors of the National State and City Bank, Richmond, Va., Julien H. Hill, cashier, was elected a vice-president, his



**JULIEN H. HILL**

Newly elected Vice-President of National State and City Bank, Richmond, Va.

Louis; B. W. Moser, secretary St. Louis Union Trust Co., St. Louis.

#### BANKING NOTES FROM RICHMOND

R. J. Schutte, who has been in charge of the savings department, has been promoted to the position of auditor and Lawson H. Cook, discount clerk, has been advanced to manager of the credit department of the National State and City Bank. Both men have been in the employ of the bank for a number of years and the advancement is in accordance with the policy of the institution to recognize merit.

Jesse F. Wood, formerly in charge of the West End Branch of the Richmond Bank & Trust Co., has been appointed manager of the savings department of the National State and City Bank to succeed Mr. Schutte. Mr. Wood has had wide experience in the

new title being vice-president and cashier.

Mr. Hill has been cashier of the bank since the consolidation in 1910 of the National State Bank and the City Bank of Richmond. Prior to the consolidation, he had been assistant cashier of the National State Bank for several years. Not long since he was honored by appointment as chief of the personal staff of Governor Stuart of Virginia.

The Richmond Bank and Trust Company recently merged with the Old Dominion Trust Company.

Showing the wonderful growth of the banking business in Richmond during

the past quarter of a century and presenting proof that the city is justly entitled to the high position it occupies in the financial world, is a statement recently submitted to the Richmond Clearing-House Association by Secretary J. W. Sinton. The association was organized in 1892 and Mr. Sinton has served through the twenty-five years as secretary.

The clearings of the seven banks that originally constituted the association, December 10, 1892, amounted to \$345,300 and on December 10, 1917, the amount was \$9,927,884. For the ten days in December, 1892, \$3,623,205, for the corresponding dates of 1917, \$59,787,699. For the month of November, 1892, \$11,027,054 for the corresponding month of 1917, \$174,592,126.

The daily reports of the five big national banks, the American, First, Merchants, National State and City and Planters, show considerably larger clearings than did the combined seven banks in the clearing-association twenty-five years ago.

Of the bankers who took part in the organization only five are living—Colonel W. H. Palmer, president; W. M. Hill, vice-president, and J. W. Sinton, vice-president, all of the National State and City Bank, and J. B. Pace and S. T. Wallace, retired from the banking business.

The new officers of the association elected at the annual meeting held re-

## The Third Liberty Loan

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In connection with the floating of the Third Liberty Loan, the broadest co-operative services of the Collins Publicity Organization are extended.

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**Philadelphia,**

**Penna.**

cently are: Oliver J. Sands, president of the American National Bank, president; John M. Miller, Jr., president of the First National Bank, vice-president, and J. W. Sinton, vice-president National State and City Bank, secretary.

Clearings of the Richmond Clearing House Association for the first nineteen days in December amounted to \$116,577,759 and for the corresponding dates of 1916 \$67,039,111.

A fight will be made in the next session of the Virginia General Assembly for a uniform law taxing shares in bank stock at the same rates as other intangible property. The movement is headed by Oliver J. Sands, president of the American National Bank and chairman of the taxation committee of the Virginia Bankers Association, who declares that the owners of bank stock simply want to be placed in the same

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EDWIN SELVIN, Editor

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NEW YORK CITY

class with the owners of other intangible properties.

Recently the Governor of Virginia and the State Auditor of Public Accounts suggested a decrease in the tax on intangible property from 95 cents to 80 cents on the \$100. Mr. Sands thinks bank stock should be treated in a like manner and calls attention to the fact that the present rate on bank stock is \$1.50 on the \$100, which he contends is unfair to holders of bank stock.

Bankers throughout Virginia are keenly interested in the question and will use every effort possible before the next session of the Legislature to obtain a uniform rate on bank stock and other intangibles.

#### CHICAGO BANK SHOWS GOOD EARNINGS

President Wm. N. Jarnagin of the Central Manufacturing District Bank, Chicago, was able to report to the shareholders of that institution that for 1917 the net earnings were \$49,734.11, which is equal to nineteen and nine-tenths per cent. on the capital stock, as against \$23,404.46, or nine and

seven-tenths per cent. earned in 1916, and seventeen and three-tenths per cent. on the combined capital stock, surplus and undivided profits, as against seven and two-tenths per cent. earned in 1916. After providing for all reserves and 1917 excess profits and other taxes of \$12,950, which amount to approximately \$6,950 more than last year, and paying the regular dividends of six per cent. during the year, there is left the sum of \$22,745.59 to be added to undivided profits, representing a gain in the book value of the bank's stock of \$9.10 per share, bringing the present book value up to \$149.55 per share.

The bank did not sustain a loss during the year, and all things considered, the year's results may be regarded as very satisfactory.

On December 30, 1916, deposits were \$1,810,968, while on December 31, 1917, they were \$2,969,847. In the same time surplus and profits rose from \$84,291 to \$107,037, while total resources increased from \$2,169,611 to \$3,452,980.

**UNION TRUST COMPANY, CHICAGO,  
INCREASES SURPLUS**

At the recent annual meeting of directors of the Union Trust Company, Chicago, \$200,000 was transferred from undivided profits to surplus, making the latter item \$1,700,000. The Union Trust Company has also a capital of \$1,500,000.

George A. Ranney, secretary and treasurer of the International Harvester Co., has been elected a director of the Union Trust Co. and H. L. Benson, manager of the credit department of the Union Trust Co., has been made an assistant cashier.



**GATES A. RYTHER**

Newly elected Vice-President Drovers' National  
Bank of Chicago

**NEW VICE-PRESIDENT OF THE DROVERS'  
NATIONAL, CHICAGO**

Gates A. Ryther has been elected a vice-president of the Drovers' National Bank of Chicago, succeeding Charles Fernald, resigned.

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**ANOTHER BANKER IN GOVERNMENT  
SERVICE**

Another banker loaned by his institution for government work is Robert R. Forgan, vice-president of the National City Bank of Chicago, who has gone to Washington to assist in the work of the war credits board.

Colonel Samuel McRoberts, vice-president of the National City Bank of New York, is chairman of this board, which passes upon applications for advances against government contracts for munitions and supplies of all kinds.

**FIRST NATIONAL OF CHICAGO'S ANNUAL  
MEETING**

At the annual meeting of the stockholders of the First National Bank of Chicago held January 8, 1918, the following directors were reelected:

Benjamin Allen, A. C. Bartlett,

## Is America's Heart in the War?

"There is nothing so demoralizing in this world as sentiment that finds no outcome in action."—Ellhu Root.

**SURPRISE** may be felt that such a question should be raised. Yet it is being raised in many quarters. As we go forward toward a complete devotion of our strength to the winning of the war, the question will be affirmatively answered. It can be answered in no other way.

Nobody expected that America would or could put forth its full strength at once. What may be reasonably expected is that we shall continue to exercise continuously increasing pressure against the German front until that pressure becomes overwhelming.

Have we as a people squarely looked the matter in the face and resolved that, come what may, we are in the fight to a finish?

Were one dealing with rhetorical figures or gratifying his patriotic spirit, he would undoubtedly employ the most eloquent language at his command in giving an affirmative reply to this question. But here is a demand for a staying power not to be satisfied with eloquent periods—a call for a patriotism representing as stern and complete a spirit of sacrifice as the world has ever known.

In studying the different phases of the war it becomes of interest to note the immediate occasion for our entrance into it.

From the standpoint of pure chivalry, the respect which we have so often professed for the rights of small nations would seem to have irresistibly impelled us to intervene when Belgium was invaded, though we coldly held aloof and even entered no protest against that supreme and brutal outrage.

Again, a blow was struck at the heart of France—that country to whose timely assistance we perhaps owe our national existence; but we passed by on the other side. Then came the sinking of the "Lusitania"—a crime as dastardly as the fiendish brain of man ever plotted. For a few days the wrath of the nation blazed forth; but it was only a flash in the pan, which quickly died out. If this ghastly tragedy did not stir us to action, many people thought we must forever remain indifferent to any assaults upon the rights of our people. A long succession of outrages followed, and still we did nothing. One of the numerous existing Governmental bureaus has made a complete catalogue of German outrages, and underneath each one has stated the inactivity of the United States. Certainly our patience was supreme. At last, when Germany issued a decree forbidding our ships to sail the seas except by permission, we declared war.

Nevertheless, it can not be said that this latter piece of German impudence was the real cause of our entrance into the war. The



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The school is known throughout the United States for the excellence and thoroughness of its business training. Its graduating classes have been addressed by ex-Presidents Taft, Roosevelt, Harrison and Cleveland.

One of the best school buildings in the country; large gymnasium.

Students may enter at any time during the school year.

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earnings of the First Trust and Savings Bank are \$1,006,110.33 as compared with \$1,079,218.45 last year.

The combined profits of the affiliated banks show net earnings for the year of 9½ per cent. against 7½ per cent. last year on the average aggregate capital employed. After having made provisions for depreciations and losses, both actual and anticipated, and for excess profits and other taxes, the combined net profits of the two banks are \$3,127,709.81. The dividends paid amount to \$2,200,000.00, leaving a surplus for the year above dividends of \$927,709.81.

In order to maintain a proper relation between the capitals of the banks and their deposit liabilities, it has been deemed desirable to convert as much as possible of their accumulated earnings into the more permanent form of capitalization in surplus account.

In the case of the First National Bank \$2,000,000.00 has been transferred from profit and loss account to surplus account, and in the case of the First Trust and Savings Bank \$500,000.00 has been similarly transferred.

## MICHIGAN STATE BANKS

Frank W. Merrick, Commissioner of Banking for the State of Michigan, reports that on November 20, 1917, the

500 state banks, one industrial bank and ten trust companies doing business in that state had aggregate resources of \$668,513,278. Compared with November 17, 1916, commercial deposits have increased \$29,494,035.30 and savings deposits \$13,695,200.65—a total of \$43,189,235.95.

NEW CASHIER OF FIRST NATIONAL BANK,  
NEWTON, ILL.

At the annual meeting of shareholders of the First National Bank, Newton, Ill., J. M. Hicks, for fifteen years cashier, resigned and was succeeded by Roscoe C. Jack, who has been in the employ of the bank for more than sixteen years.

NATIONAL BANK OF THE REPUBLIC,  
CHICAGO

In recognition of long and efficient services, extending over more than a quarter of a century, W. T. Fenton, vice-president of the National Bank of the Republic, Chicago, has also been made manager. Mr. Fenton is a for-

## Don't You Prefer the INKLESS Way?

Finger print identification is proving superior to other systems with signatures, test questions, photographs or physical outline charts, and is to-day the most positive and reliable system known.

And isn't it worth while to remember that the courts are construing "due care," as required by law, more conservatively than in the past as applied to savings banks in making payments?

With finger print methods of identification coming into general use, it remains only to choose the best system offered.

The Bauder Inkless System of Identification is more than safe and certain. It is clean and quick. It requires no change in the ordinary equipment of passbooks and signature cards and can be used on letters of credit, checks, certificates of deposit—wherever positive identification is desirable.

The Bauder Inkless System enables a bank to avoid payment on wrong identification; protects depositors as well as the bank; strengthens a bank's reputation and good will; saves the tellers' time and gives customers better service.

The fact that a bank takes finger print records attracts business from foreigners illiterate and those whose lack of business experience make them distrustful of banks.

Finger print records are almost indispensable in handling the savings accounts of children, and are particularly valuable for inactive accounts in agricultural districts.

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Write us to-day that you want to make a test of the Bauder System and we will send you an outfit, by prepaid express, to try at our expense for thirty days. After two hours of study with the instruction chart, your teller will find the directions for use so simple that he will be ready to make, read and compare any and all finger prints so satisfactorily that he can without doubt, hesitation or mistake safely pay out money at any time to the right party. If, at the end of thirty days, you are not satisfied, send the outfit back to us, express collect.

We are looking for A-1 men to represent us and will thank you to put us in touch with any good man you can highly recommend.

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W. T. FENTON  
Vice-President and Manager National Bank of the  
Republic, Chicago

mer president of the Chicago Clearing-House Association, and ranks among the best-known bankers of the country.

### NEW YORK DEPUTY COMPTROLLER GOES TO DETROIT BANK

Edmund D. Fisher, former Deputy Comptroller of the City of New York, has gone to Detroit as first vice-president of the Highland Park Bank of Detroit.

Mr. Fisher was born in Brooklyn, N. Y., in 1867, and began his banking career with the Sprague National Bank, which was later merged with the Mechanics' Bank. He was also with the Brooklyn Trust Company for ten years, and when the Flatbush Trust Company was organized in 1899 he became secretary of that institution. In 1909 Mr. Fisher was appointed Deputy Comptroller of New York.

### THE FORTY-FIFTH YEAR

Reviewing the year 1917 the Northwestern National Bank of Minneapolis

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Bank, Commercial, and Foreign  
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NEW YORK

finds cause for satisfaction, as 1917 was a particularly notable year for the institution, the forty-fifth year of its growth, since it was in October, 1917, that the bank reached and passed a milestone that had long been its goal—the \$50,000,000 mark for deposits. The bank's resources are now \$60,000,000.

## NORTHWESTERN NATIONAL, PORTLAND

Promotion in the shape of an assistant cashiership recently came to A. C. Longshore of the Northwestern National Bank, Portland, Oregon.

Mr. Longshore is a native of Des Moines, Iowa, and is a son of Frank M. Longshore, for many years prominent in mining circles of the Northwest, with headquarters in Spokane, Wash.

In the fall of 1897 Mr. Longshore moved to Spokane, and after completing a course in Blaire's Business College entered the employ of the Spokane branch of the New York Life Insurance Company, with which institution and the Equitable Life Assurance Society he was employed until the spring of 1902, when he accepted a position as messenger and general utility man with the Fidelity National Bank of Spokane.

During the ten years Mr. Longshore was with the Fidelity National Bank he occupied every position from messenger to paying teller.

In the fall of 1912 he accepted a position as collection teller with the Portland Trust Company, whose commercial business on January 2, 1913, was taken over by the newly-organized affiliated Northwestern National Bank, and has since been continuously in their

employ, holding consecutively the positions of collection and exchange teller, note teller, and when the bank absorbed the business of the Merchants National Bank in 1915 he assumed the duties of manager of the credit department.

Mr. Longshore was active in the organization of the Spokane Chapter of the American Institute of Banking, had the honor of being elected vice-president at the initial election and was one of the chapter's delegates to the National Convention at Seattle, Wash. Since moving to Portland he has taken an active part in institute affairs, is an American Institute of Banking certificate holder, and chairman of the banking and currency committee of the Portland Association of Credit Men.

During the years Mr. Longshore has been engaged in banking and credit work he has formed a wide acquaintance among bankers and business men

## RAYMOND G. HOPPER

Vice-Pres., The American Banker, 1910-16

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of the Northwest, and numbers among his friends some of the leading financiers of eastern cities, and has probably as wide an acquaintance in financial circles as any young bank man on the Pacific Coast.

## **SCANDINAVIAN-AMERICAN BANK, SEATTLE**

Business conditions in the Pacific Northwest are exceptionally active, and this prosperity finds confirmation in the growth of bank deposits. For example, the Scandinavian-American Bank of Seattle makes the following very interesting showing of deposit growth:

May 31, 1892.....	\$ 19,256
May 31, 1897.....	170,594
May 31, 1902.....	1,757,863
May 31, 1907.....	9,468,822
May 31 1912.....	9,924,969
Dec. 31, 1917.....	14,588,617

The capital of the bank is \$1,000,000; surplus \$500,000, and undivided

profits \$68,455. At the close of business December 31, 1917, total resources were \$16,229,486.

Deposits of the bank are guaranteed by the guaranty fund of the State of Washington.

At the head of the Scandinavian-American Bank as chairman of the board is Mr. A. Chilberg, one of the best-known bankers and capitalists of the Northwest. The other officers are: President, J. E. Chilberg; vice-president, C. J. Erickson; cashier, J. F. Lane; assistant to president, W. E. Hanson, former Commissioner of Banking for the State of Washington.

## **OREGON BANKS GROWING**

There are in Oregon, according to a recent report of S. G. Sargent, superintendent of banks, 261 banks—eighty-

# **ADRIAN H. MULLER & SON**

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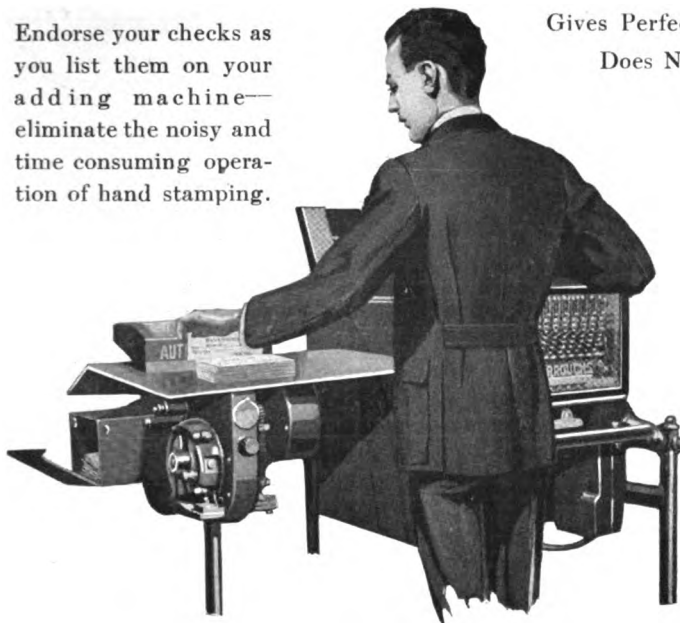
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Farmers Loan & Trust Co.	" "	People's National Bank	Boston, Mass.
Harriman National Bank	" "	Boston Safe Deposit & Trust Co.	" "
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three national and 178 state, savings, private and foreign banks and trust companies. Twenty-five of these banks, with total resources on November 20, 1917, of \$122,296,415, are located in Portland. Resources of all the banks in the state on November 17, 1916, were \$204,365,342 and on November 20, 1917, \$241,475,469.

### FIRST NATIONAL BANK, LOS ANGELES

As per the statement of November 20, 1917, the deposits of the First National Bank of Los Angeles were \$32,582,688, and of the affiliated Los Angeles Trust and Savings Bank \$27,343,228. Combined resources of the two institutions are \$70,263,498.55.

THE BANKER'S INCOME TAX GUIDE

# "1918 Income Tax Procedure"

By R. H. MONTGOMERY, C.P.A.

Ex-President American Association Public Accountants  
Member of Lybrand, Ross Bros. & Montgomery

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Bank .....

Feb. B. N. Address .....

## BANK OF TORONTO

The annual meeting of shareholders of the Bank of Toronto was held on January 9. Following is a statement of the profit and loss account for the year ending November 30.

Deposits of the bank on November 30 were \$63,907,279, and total assets, \$84,293,918.

## UNION BANK OF CANADA

The fifty-third annual meeting of shareholders of the Union Bank of Canada was held at the head office in Winnipeg, January 9, the president, Mr. John Galt, in the chair.

During the year covered by the report a branch was opened at Elnora, Alberta, and an agency in New York.

The Balance at credit of Profit and Loss, on November 30, 1916, was....	\$507,989.87
The Net Profits for the year, after making full provision for all bad and doubtful debts, and deducting expenses, interest accrued on deposits and rebate on current discounts, amounted to the sum of...	802,920.49
	<hr/>
	\$1,310,910.36

This sum has been appropriated as follows:

Dividend No. 142, Two and three quarters per cent.....	\$137,500.00	
Dividend No. 143, do. do. ....	137,500.00	
Dividend No. 144 do. do. ....	137,500.00	
Dividend No. 145, do. do. ....	137,500.00	
	<hr/>	550,000.00
War Tax on Circulation.....	\$ 49,403.83	
Transferred to Officers' Pension Fund.....	25,000.00	
Patriotic Fund and other War subscriptions.....	29,200.00	
Toronto General Hospital.....	2,000.00	
Written off Bank Premises.....	100,000.00	
	<hr/>	205,603.83
Carried forward to next year.....		555,306.53
		<hr/>
		\$1,310,910.36



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 facing street, southern exposure  
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Also Attractive Rooms from \$1.50.  
 The Restaurant Prices are Most Moderate.

Five branches not giving satisfactory results were discontinued, the total number of branches and agencies now being 308.

The profit and loss account was submitted as follows:

Balance brought forward.....	\$93,160.42
Net profits for the year (after making usual deductions).....	763,463.92

Total .....	\$856,624.34
-------------	--------------

Applied as follows:

Dividends .....	\$400,000.00
Bonus of one per cent.....	50,000.00
Transferred to contingent acct....	150,000.00
Written off bank premises Acct., real estate other than bank premises, and alterations.....	75,000.00
Contribution to officers' pension fund .....	10,000.00
Contribution to French Red Cross Society .....	5,000.00
Contribution to French wounded emergency fund .....	5,000.00
Contribution to British Red Cross Society .....	5,000.00
War tax on bank note circulation to November 30, 1917.....	50,000.00
Balance of profits carried forward	106,624.34

**\$856,624.34**

On November 30 the deposits of the Union Bank were \$119,382,782.80; capital, \$5,000,000; rest account, \$3,400,000, and total assets, \$143,411,927.20.

**THE AUTOMAT ENDORSER**

For some years many of the large banks, trust companies, commercial houses and railroads have been using the Automat Endorser, which does away with the noisy and time-consuming method of hand stamping and permits of the endorsing of checks as they are

listed on the adding machine. This mechanical device is simple and durable, and will handle all kinds of checks from a single check of thin paper to large vouchers with papers attached.

The favor with which the Automat Endorser has been received among the financial institutions of the country is an evidence of its practical utility.



**Raymond Gould Hopper**

**R**AYMOND GOULD HOPPER, who is well known in the banking field as having represented various financial publications, has established himself in Stonington, Conn., where he will continue his work through the mails. Mr. Hopper was last year taken with an illness that incapacitated him for active work, but hopes through correspondence to keep up his various con-

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nections and add to them. He is sole distributor of the Culp advertising service for banks, prepared by George P. Culp of Rochester.



### What America Fights For

**SUMMARY** of statement made to Congress by President Wilson, January 8, 1917:

1. Open covenants, openly arrived at, with no ensuing secret treaties.
2. Freedom of the seas in peace and war, except as closed by international action for enforcement of international covenants.
3. Trade equality among nations consenting to the peace.



## NEW BINGHAM

Cor. 11th & Market Streets

European  
Plan

Philadelphia  
Pa.



4. Reduction of armaments.
5. Impartial adjustment of colonial claims, with regard for the wishes of the inhabitants.
6. Evacuation by Germany of all Russian territory and assurances of unhampered opportunity for Russia's political and economic development.
7. Evacuation and restoration of Belgium.
8. Evacuation of occupied French territory and righting of the wrong done to France by Prussia in 1871.
9. Readjustment of the Italian frontier along clearly recognized lines of nationality.
10. Autonomous development for the peoples of Austria-Hungary.
11. Evacuation and restoration of Rumania, Serbia and Montenegro, with access to the sea for Serbia.
12. Turkish sovereignty for the Turkish portions of the Ottoman Empire, with autonomy for other nationalities now under Turkish rule, and permanent freedom of the Dardanelles.
13. An independent Poland with access to the sea.
14. A league of nations to enforce specific covenants.

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SECOND YEAR

MARCH 1918

VOLUME XCVI, NO. 3

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## The Implacable Attitude of the United States Toward the War

**I**N time of war, after the country's policy has been clearly marked out and the necessary steps taken for making such policy effective, the fitting spokesman to declare the national will is the President of the United States. This function was never better performed than it was in the address made by Woodrow Wilson to the Congress of the United States on February 11, and from which address we quote:

"I would not be a true spokesman of the people of the United States if I did not say once more that we entered this war upon no small occasion and that we can never turn back from a course chosen upon principle. Our resources are in part mobilized now, and we shall not pause until they are mobilized in their entirety. Our armies are rapidly going to the fighting front, and will go more and more rapidly. Our whole strength will be put into this war of emancipation—emancipation from the threat and attempted mastery of selfish groups of autocratic rulers—whatever the difficulties and present partial delays.

"We are indomitable in our power of independent action, and can in no circumstances consent to live in a world governed by intrigue and force. We believe our own desire for a new international order, under which reason and justice and the common interests of mankind shall prevail, is the desire of enlightened men everywhere. Without that new order the world will be without peace and human life will lack tolerable conditions of existence and development. Having set our hand to the task of achieving it we shall not turn back."

After this, and previous declarations to the same effect, it ought not to be asked again as to America's purpose in the war. So far as language can state our position, there is nothing more to be said. It only remains to translate our words into vigorous and effective action, which is being done, as the President states.

## Is America's Heart in the War?

"There is nothing so demoralizing in this world as sentiment that finds no outcome in action."—Elihu Root.

**SURPRISE** may be felt that such a question should be raised. Yet it is being raised in many quarters. As we go forward toward a complete devotion of our strength to the winning of the war, the question will be affirmatively answered. It can be answered in no other way.

Nobody expected that America would or could put forth its full strength at once. What may be reasonably expected is that we shall continue to exercise continuously increasing pressure against the German front until that pressure becomes overwhelming.

Have we as a people squarely looked the matter in the face and resolved that, come what may, we are in the fight to a finish?

Were one dealing with rhetorical figures or gratifying his patriotic spirit, he would undoubtedly employ the most eloquent language at his command in giving an affirmative reply to this question. But here is a demand for a staying power not to be satisfied with eloquent periods—a call for a patriotism representing as stern and complete a spirit of sacrifice as the world has ever known.

In studying the different phases of the war it becomes of interest to note the immediate occasion for our entrance into it.

From the standpoint of pure chivalry, the respect which we have so often professed for the rights of small nations would seem to have irresistibly impelled us to intervene when Belgium was invaded, though we coldly held aloof and even entered no protest against that supreme and brutal outrage.

Again, a blow was struck at the heart of France—that country to whose timely assistance we perhaps owe our national existence; but we passed by on the other side. Then came the sinking of the "Lusitania"—a crime as dastardly as the fiendish brain of man ever plotted. For a few days the wrath of the nation blazed forth; but it was only a flash in the pan, which quickly died out. If this ghastly tragedy did not stir us to action, many people thought we must forever remain indifferent to any assaults upon the rights of our people. A long succession of outrages followed, and still we did nothing. One of the numerous existing Governmental bureaus has made a complete catalogue of German outrages, and underneath each one has stated the inactivity of the United States. Certainly our patience was supreme. At last, when Germany issued a decree forbidding our ships to sail the seas except by permission, we declared war.

Nevertheless, it can not be said that this latter piece of German impudence was the real cause of our entrance into the war. The

causes were cumulative, all operating to bring about the break. Indeed, from the first, from the very nature of the conflict, we could not have kept out of it even had we so willed.

But failing to enter the war when Belgium and France were invaded, or when the "Lusitania" was sunk, we lost the advantage of striking at the most opportune moment for enlisting the enthusiasm of the nation. Somehow there was a feeling that, though prompted to our revenge by heaven and hell, we had lapsed in time and passion and let go by the important acting of our dread command. To rekindle the ashes of a dead love may be no easier than to relight the fires of vengeance that have once flamed into a white heat and then suffered to grow cold.

We know there are thousands of boys who have either gone to the front or who are preparing for the "great adventure" who are filled with the highest enthusiasm. Their vibrant tones, the flash of their eyes, the alert step—the uncomplaining readiness to serve anywhere—all bear witness to their fiery earnestness. And there are thousands, we know, who must stay at home not one whit less enthusiastic. They are working to sustain those whom they have given up to the service of the country.

Supreme honor to those on land or sea who are carrying the Flag to-day!

No less honor to those at home who are helping to uphold the hands of those who carry the Flag!

Is there anywhere lack of complete enthusiasm for the great cause in which we are engaged?

It is related that at a recent meeting, in one of our large cities, a young man wearing the uniform of his country arose and said, in substance: "My heart is breaking to think of the want of enthusiasm—nay, the positive indifference—being shown by our people in regard to the war." He said but little more, yet his remarks made a profound impression.

We make no attempt to answer this question one way or the other. It is here raised but for one purpose (certainly not to find fault with anybody), and that is to stimulate a searching of hearts by every man, woman and child bearing the name of American.

Should it be found at last that America's heart is not in the war, shame and everlasting disgrace will be our portion, for we must become partners in an infamous peace, condoning the blackest and foulest crimes in human history.

But if it shall be found—as we believe in the end it will be—that every dollar of money, every life, every bit of strength, all our resources to the uttermost, and our fighting courage undismayed through every trial, are in this war wholly regardless of the time taken to gain complete victory, then America will have justified the hopes of her children and of the world.

## The Consolidation of Power

**T**HAT the immense problems growing out of the war should call for extraordinary grants of power to the President of the United States is something to be expected, but hardly any one could have imagined that these demands should go to the extreme length already reached or proposed.

For some years prior to the outbreak of the war the growing encroachment of the executive upon the legislative department of the Government has aroused the attention of students of American political institutions. This tendency was made the subject of an address by the editor of *THE BANKERS MAGAZINE* so long ago as the summer of 1910, and more recently a very thoughtful consideration of the same subject was presented by Hon. Charles E. Hughes, ex-Justice of the United States Supreme Court.

The matter is in no sense political, nor does it relate solely to the war powers of the Presidential office. Every loyal American must wish to see the President have every power that will be helpful to our military and naval forces in winning the war. Indeed, Congress has been rather liberal in that respect already, although there may be some restrictive laws which should be modified. Lately, however, there has been a proposal to confer almost dictatorial power upon the President—a suggestion that does not accord with our traditions and that can not be received with satisfaction even in war times.

There seems to have been no disposition in Congress to deny to the President any necessary grant of power superior to those which the Constitution of the United States already confers. Indeed, the assertion is heard that Congress has substantially abdicated its authority and merely records the will of the executive. But it seems that still further power is wanted.

No doubt in great emergencies the possession of complete authority enables the one having it to act swiftly and decisively. A general on the field of battle, or the commander of a naval squadron, might lose a golden opportunity if every important move must await legislative debate and action. Very likely the President, in certain emergencies, feels the need of complete liberty of action. With Congress in almost continuous session, and with little or no disposition to obstruct the President's programme, it would seem that all special grants of powers essential in any given case might be had without conferring upon the executive branch of the Government's substantially uncurbed authority.

As already stated, the tendency toward encroachment of executive power upon the legislative branch of the Government long ante-dated the war, and the same tendency observed in the Federal Government extended to nearly all the states. No longer was it

the chief business of an executive to enforce laws already in existence, but to push forward innumerable new laws for the reformation of society.

This tendency had become so marked in recent years that the making of new and complex laws became a leading American industry. Of course, the present circumstances are exceptional, and it would be a grave error for Congress to refuse the President any further authority which he really needs in order to prosecute the war more effectually.

There is danger, however, that the tendency to enlarge the executive power may go too far, and also that the extraordinary grant of power, secured as a war measure, may be held long after the war ends. Nobody supposes that the President wishes permanently to usurp the powers of Congress, nor does anybody believe that he does not earnestly feel that the added authority he asks is needed for a more effectual conduct of the war.

That there should be any serious difference between Congress and the President over this or any other matter is deplorable, for unity of thought and action is needed above all else.



## Proposed Amendment of the New York Banking Law

**A**N amendment to section 140 of the Banking Law of the State of New York has been offered by Hon. Salvatore A. Cotillo, who represents the 20th Senate District, a part of the Borough of Manhattan. Senator Cotillo's proposed amendment authorizes foreign banks having branches in New York State to transact a discount and deposit business, removing the restrictions which now prevent the exercise of these two principal banking functions.

To safeguard this extension of banking powers the amendment provides that branches of foreign banks before being authorized to receive deposits and make discounts shall make a satisfactory deposit of securities with the State Banking Department; shall comply with the banking laws applicable to banks of deposit and discount with respect to reserves and the making and publishing of reports; and shall be subject to the same examination and supervision as state banks of deposit and discount. Furthermore, it is provided that this extension of banking power to branches of foreign banks may be revoked by the Superintendent of the Banking Department at any time.

The amendment referred to carries out the suggestion made in these pages repeatedly of late, to the effect that the prohibition in question should be repealed. As the grounds for this assertion have been well covered in previous articles on the subject, it is hardly necessary to go over the matter again.

Senator Cotillo's amendment would seem to provide all essential safeguards for deposits in the branches of foreign banks. To begin with, a deposit of securities with the State Banking Department in a satisfactory amount is required, and the laws relating to reserves, examinations and the making and publishing of reports, as applicable to state banks of deposit and discount, are made applicable to the branches of foreign banks receiving the additional powers. Under these provisions the deposits in such banks would be as safe as human foresight can assure.

Besides, the foreign branches would be given no advantages over banks organized and operating under our own laws.

The amendment is in line with recent banking developments. It ought to be freely discussed, and after being perfected in the light of such discussion, enacted as a part of the banking law of the State.



## The Price-Fixing Policy Under Fire

**T**HE policy of price-fixing which the Government of the United States has established is made the subject of a sharp attack in this issue of *THE BANKERS MAGAZINE* by Mr. A. E. Adams, president of the First National Bank of Youngstown, Ohio. How very seriously Mr. Adams takes this matter appears from a single sentence from his article:

"Price-fixing in time of war is nothing short of wholesale murder."

Those who, in his opinion, are "murdered" by this policy are not the stay-at-homes, but the soldiers.

If this contention is sound, and the people of the country are more deeply concerned about the welfare of the soldiers than they are about the welfare of civilians, the price-fixing policy can not too quickly be reversed.

The validity of the view which Mr. Adams puts forth rests upon the ground that by fixing prices production is lessened and consumption increased, which is, of course, exactly the opposite of what should take place if we are to win the war speedily, possibly if we are to win it at all.

In presenting this article it is not the purpose of THE BANKERS MAGAZINE—nor is it, we are sure, the purpose of Mr. Adams—to criticise the Administration as such. On the contrary, the sole object is to examine with some care an economic policy which may have a decisive influence upon our effective participation in the war.

Quite possibly the greatest incentive to legislation of this character was the desire to curb the “profiteers” in making money rapidly out of the war. But, as Mr. Adams points out, the “profiteers” are taken care of by the excess profits tax; if the present tax is not high enough for the purpose, it can be raised.

That all economic measures adopted under the pressure of war necessity are superlatively wise no one would for a moment seriously contend. Rather it is probable that some measures, because of the very fact that they were put through under such pressure, are extremely unwise.

It is only the part of wisdom to make a careful study of the economic policies of the Government, to the end that the measures which shall prevail during the war are those upon which the country may rely with confidence.

Mr. Adams has vigorously challenged the soundness of the price-fixing policy. Who is there that will attempt to show that his position is not correct?



## Annual Report of the Comptroller of the Currency

**N**EVER before since the National Banking System was established have the national banks of the United States shown such large totals as are exhibited in the Annual Report of the Comptroller of the Currency for the year 1917. Their resources—\$18,553,197,000—exceed by \$2,009,698,000 the greatest resources ever before reported. Furthermore, the banking power of the United States, represented by capital, surplus, profits, circulation, and deposits of national banks and other reporting banks and trust companies, including also the paid-in capital and deposits of the twelve Federal Reserve Banks, is now estimated at 37,529 million dollars. The banking power of the world in 1890 was estimated by Mulhall at 15,558 million dollars. The banking power of this country is now two and a half times as great as the banking power of the world, according to Mulhall, as late as 1890. The banking power of the United States now is more than seven times as great as in 1890.

This extraordinary growth of banking in the United States has been caused largely by war conditions, though to a considerable extent it is due to the natural increase of business. High prices in recent years have tended to swell banking totals. In ten years the resources of the national banks have increased more than ten billions of dollars, about three-fourths of this increase taking place in the last five years.

The earnings of the national banks of the country for the twelve months ending June 30, 1917, both gross and net, exceeded the best earnings ever previously reported. Their gross earnings amounted to \$667,406,000, an increase of \$76,764,000, or thirteen per cent., over the previous year; while net earnings for the same period aggregated \$191,321,000, an increase over the preceding year of \$36,778,000, or twenty-three per cent.

During this past fiscal year the national banks earned 17.96 per cent on their capital stock—the highest percentage ever reported. This compares with 14.76 per cent. the year before. The amount distributed in dividends to stockholders was \$125,538,000, an increase of \$10,813,000, or an average of 11.61 per cent. on capital stock.

How widespread is the service now being rendered by the national banks is shown by the fact that on March 5, 1917, the number of national bank depositors was reported at 15,738,000, an increase, as compared with May 1, 1916, of 1,450,000, and an increase as compared with June 30, 1910, of 8,048,000 deposit accounts.

The Comptroller calls attention to statistics showing the losses to depositors in national banks which have failed during the past thirty-six years.

These statistics show that the proportion of losses to the deposits of failed banks for the past three years has averaged about three one-thousandths of one per cent. of total deposits, while similar losses for the thirty-three years prior to 1914 averaged annually twenty-eight one-thousandths of one per cent. of the total deposits.

This reduction in the percentage of losses of depositors the Comptroller attributes in large measure to the greater thoroughness in examinations, the more rigid enforcement of the provisions of the National Bank Act, intended for the protection alike of the depositors and share holders, and of the public.

These figures show that if in the future bank failures and losses to depositors can be kept down to the basis of the past three years an assessment of only \$35 per million of deposits would be sufficient to insure the payment in full of all depositors of all national banks against losses from bank failures. The total losses to national bank depositors from bank failures during the past thirty-six years amount, approximately, to \$36,600,000, an average loss in this thirty-six year period of slightly more than \$1,000,000 per annum.

The Comptroller recommends the enactment of a law providing for Federal insurance or guarantee of all deposits in national banks of \$5,000 or less. It is contended that such a law would bring out of hoarding a lot of idle money belonging to people who would not place their deposits in a bank not guaranteed by the Government, and that such guarantee would also contribute greatly to the peace of mind and comfort of these timorous mortals.

In view of the efforts now being made to enlarge the market for United States bonds as much as possible, the following recommendations of the Comptroller are of importance:

"Under existing laws all bonds of the United States Government in the hands of individuals are exempt from all direct taxation by state or Federal authorities, but if these individuals should organize a national bank association with a capital of, say, \$100,000 and should invest the entire capital in Government bonds, the stock of such bank thus invested would be liable to taxation by state authorities as the property of the respective stockholders, and no exemption from taxation is secured by virtue of such investment in United States bonds.

"In certain states, however, where the shareholders of national banks are subjected to the full rate of taxation, even though their entire capital may be invested in Government bonds, the state banks are allowed to deduct from their taxable assets investments which they may have made in certain state securities. This provision seems to be hardly fair to national bank stockholders.

"In order that the ownership of United States Government bonds by national banks may secure to these banks the benefit of the same exemption that the ownership of certain state securities in the hands of state banks gives, it is recommended that section 5219, U. S. R. S., be so amended as to provide that in determining the value of the shares of national banks for the purposes of taxation by state authorities, the par value of any bonds or other obligations of the United States Government owned by a national bank shall be deducted from its assets.

"The passage of such an amendment would furthermore greatly increase the desirability, from an investment point of view, with all national banks, of United States Government bonds."

It would seem that the national banks owning Government bonds should be on an equal footing regarding taxation as the state banks owning state securities, and it is certainly true that the attractiveness of United States bonds as bank investments could be advantageously enhanced at this time.

The tendency of the national banks to expand deposits in proportion to capital appears from the fact that in 1897 the deposits of national banks amounted to four times their capital; in 1907 to

six and three-fourths times their capital; and on November 20, 1917, the deposits of the national banks amounted to thirteen and one-half times their capital, and nearly eight times their aggregate capital and surplus.

Just what proportion ought to be maintained so as to assure safety can not be positively stated. It was long held that the ratio of notes to coin reserves should be as one to three, and some banking authorities have favored the limit of deposit liabilities to eight times the capital. As the "surplus" of the national banks is about the same thing as capital, it would seem that these institutions are still within the limit, though they have exceeded it as compared with capital only.

The Comptroller renews a previous recommendation, that the total deposits which a national bank may receive be limited to eight or ten times the unimpaired capital and surplus.

The Annual Reports of the Comptroller of the Currency now constitute a most valuable compendium of banking information, statistical and otherwise. This year's Report is one of unusual interest.



## A Ray of Light

**O**UT of the thick darkness that palls the earth in the dunkest smoke of hell comes a ray of light. Appropriately enough it comes from the east.

It is the distinguished head of the Chinese Republic, President Feng Kuo-chang, who furnishes the illumination in the following remarkable statement:

"I examine myself and feel that I have many defects. I appointed officials without carefully examining into their conduct, so I am guilty of ignorance of men. I offered easy terms in an effort to satisfy the popular desire, so that I am lacking in foresight. My effort to save from misery brought more misery; my hope to save the situation resulted in more confusion. Toleration brings undesirable results, so that I cannot make others believe in my sincerity. I am too weak for the burden, and cannot escape public blame and condemnation for being guilty in many ways."

Think of it! The ruler of a state actually confessing a lack of superhuman wisdom!

Suppose some of our present and former rulers should imitate President Feng Kuo-chang's example, we may expect to see letters like the following:

NEW HAVEN, Feb. 31, 1918.

I was all wrong in the Ballinger-Pinchot controversy, and Mr. Pinchot was right. History may say that as President I was distinguished for amiability more than anything else, but I hope my countrymen will at least remember that I did the state some service as judge, Secretary of War and Governor-General of the Philippines.

Regretfully yours,

W. H. TAFT.

WASHINGTON, Feb. 30, 1918.

After due reflection I am constrained to admit, though not unreluctantly and without misgivings, that my "watchful waiting" policy in Mexico was all a mistake. I do not say more for fear of spilling the beans.

Yours, in contrition of soul,

WOODROW WILSON.

OYSTER BAY, April 1, 1918.

Why did I ever "take" the Canal Zone and build the Panama Canal anyway, only to turn the Gulf Stream from its course, freeze up the Atlantic seaboard and upset things generally? If I had it to do over again, I'd never disturb the *status quo ante*. It would have made my life so much easier if I had let them debate the canal instead of debating me.

Yours, as an advocate of the quiet life,

THEODORE ROOSEVELT.

Thus far no editors have sent in similar letters expressing renunciation of their claims to super-wisdom on every question under the sun. Their infallibility remains unassailed and unassailable.

The statement of the Chinese President furnishes an example which might well be studied by other statesmen. One of the greatest dangers to modern civilization lies in the fact that those who temporarily or permanently (through hereditary succession) occupy places of supreme power almost invariably connect their positions with the possession of supreme wisdom. Some years ago the writer ventured to hint to one of these rulers that his knowledge of a certain rather technical subject might admit of slight improvement, and the reply that came back remains as an example of how much savageness may be transmitted in epistolary form.

Presidents and kings are apt to feel themselves as superior beings, set apart from the common run of mankind, and it is no wonder that they become so dazzled by the splendor of power that they arrogate to themselves the wisdom which appertains to Deity alone.

President Feng Kuo-chang winds up his self-condemnation in this characteristic manner:

"I dare not hold my high office in opposition to public censure, but the tenure of office is ordained by the Constitution, and cannot be easily set aside. When order is restored and the populace relieved I shall retire, full of gratitude."



AM an optimist, even in these times. There is, as always, a silver lining to the clouds which now obscure our vision. We need not despair. We have reason to be hopeful. There is sunlight beyond. Right will prevail over might; and reason will overcome madness. We shall be victors in the mortal combat that rages, and afterwards our country will make longer and faster strides in the struggle to maintain a deserved and satisfactory position in the ranks of nations. The business men of the United States, in the management of their affairs, have reached a high level of efficiency and moral excellence. They are at present of incalculable assistance to the Government and they may be depended upon to do their part in restoring the world's equilibrium after peace shall be proclaimed. We are proud of our country. Let us continue to give our country reason to be proud of us.

ELBERT H. GARY

# Price-Fixing Protecting the Civilian at the Expense of the Soldier

By A. E. ADAMS, President First National Bank, Youngstown, Ohio

**G**OVERNMENTAL interference with prices is a serious matter. Prices are of the very essence of our economic life. They are not only a result of certain human activities and desires and a barometer of certain kinds of economic pressure, but they are also and more importantly the cause of many of our very most vital activities. Indeed, they are one of the most potent of all the forces that move in the economic life of the people. Price-fixing, therefore, is a subject of first importance.

As a whole, the American people take it as a matter of course that price-fixing in war time is both necessary and desirable. The opinion of the average man, when he takes the trouble to form one, is that there can be no possible question about the matter, that prices positively and absolutely must be kept down. Nevertheless, there is grave doubt as to the soundness of this belief, and in almost every community in the country there are thoughtful men of experience who hold it to be faulty. Even there are those who go so far as to hold that the price-fixing feature of our present law stands out conspicuously as the most monumental blunder ever committed by any Congress in the history of our country; a blunder so far-reaching in its probable effects that in the end it will cost the nation hundreds of thousands of lives.

Let us examine the reasoning through which this adverse opinion of price-fixing is reached.

## DOES PRICE-FIXING HELP TO SHORTEN THE WAR?

Almost every one who rises to tell us what are the new duties and obliga-

tions that the war has laid upon us reminds us, first of all, that the business of the hour, the business of more importance than anything else and everything else, is to win the war, and to win it quickly. We all agree to this, and we all understand perfectly that "every delay increases the number of men who will not come back alive." So the test of every new law and every new programme is the effect it is to have upon the speed with which we win. Does price-fixing help us to shorten the war? That is the question. That is the only question.

To win swiftly we must put an army of millions of men on European soil and back it up with such an abundance of arms and munitions as no army ever had before, with the very last pound and last yard and last bushel of every kind of thing that any army can use to advantage, with ships by the thousands, with airplanes by the tens of thousands, with every least and every greatest thing that human skill can devise and human labor produce to lessen risk and increase effectiveness. It is this kind of an army with this kind of backing that it is our bounden duty to send out. To send out, to support, and yes, to quicken with the knowledge that we at home are also making sacrifices that really hurt. And we are perfectly able to do this, and do it quickly if we really get down to business.

Does price-fixing help us to do this? Let us remember that we are not asking whether price-fixing makes it easy for the stay-at-home. That is a matter of secondary importance. The stay-at-home is going to come through with a whole skin whatever happens; and he is going to get enough to eat and enough to

wear to keep sound and well whatever happens. The question is, Does it help us to muster, outfit, transport and maintain this kind of an army? Does it lessen the toil and risk of the man who goes out to fight?

If the answer to this question is yes, then it is a good policy; but if no, a bad one. That is about all there is to it.

As price-fixing affects the selection of the men who are to do the fighting only in the most indirect way, this answer is to be looked for in its effect upon the country's ability to provide the things the fighter needs, in the quantities in which he needs them.

#### GETTING THE THINGS NEEDED FOR WAR

So, first we ask ourselves, How does the Government go about it to provide these things in such quantities? "Why, it raises money by taxing the people and selling them 'Liberty Bonds' and then buys them, of course." The taxing part is easy and so is selling bonds. The Government can undoubtedly raise twice as much "money" as it can spend without much more than scratching the surface of its final ability to raise money. We are a very rich people, twice as rich, more than twice as rich, as any other people in the world. But where and from whom is it going to buy the "things?"

The things needed in the quantities in which they are needed do not exist anywhere on the face of the earth. The Government's vaults may reek with money, its balances in the banks may represent enough money to ransom fifty million kings, but it can't buy what doesn't exist. It can't buy the things it needs at all until we, the people, the stay-at-home people, produce them, and it can't do it then unless we save as well as produce. Ordinarily we ourselves consume about all we produce about as fast as we produce it; that is, we either actually eat it up or wear it out or else transform it into "permanent wealth," such as buildings and the like. Now to let the Government have what it needs we must cut down our own consumption as well as increase our output.

Or, to put it another way, the Government's problem is not primarily one of finance or of dollars and cents; it is rather and almost wholly one of production and consumption. To get us, the people at home, to produce more rapidly than ever before, to use up less of what we produce than ever before, so that we will have things to turn over to it in exchange for the money it taxes us and sells us Liberty Bonds to raise—that is the problem.

In a word, to win the war quickly and without avoidable loss of life we must immediately and immensely increase production and immediately and immensely cut down civilian consumption; we must work more diligently and steadily than ever before; we must use up less of what our work produces than ever before. Does price-fixing help the Government in getting us to do this, or does it in any way or degree tend to do so?

#### EFFECT OF LOW PRICES

It apparently does not. "Price-fixing" as we use the words means keeping prices down. Keeping prices down does not tend to make us work more steadily or buy things more sparingly. It has the exactly opposite tendency. If I am a rather unambitious sort and can earn enough by working four days to keep myself and family reasonably comfortable for a week, which I can easily do if prices are low, then the chances are that I will not work steadily. And if men are scarce and jobs plenty the chances are that I will not be overly industrious when I do work. Or, if I am a careless and improvident sort, I will spend about all I make whatever it is, and use up and waste all the food, clothing and other necessities and luxuries my money will buy, and the lower prices are the more I will use and waste.

In short, low prices relieve me of the necessity of working hard all of the time and at the same time make it easy for me to waste necessities and indulge in luxuries. They make it possible for me to loaf and waste. They make me produce less and waste more. Or if I am, say, a man of average energy, am-

bition and judgment, low prices, though affecting me in lesser degree than they do the pronouncedly unambitious or the particularly improvident, will nevertheless affect me in the same general way. That is, they will cause me to ease up a little and be a little less careful in the matter of personal economy than I would be if prices were high and the "spread" between what I earned and what I needed to live on were less. Or again, if I am a producer or manufacturer, low prices, by impairing the efficiency of my men, tend to decrease my output and at the same time, by denying me the profit out of which I might otherwise expand my business, prevent my increasing my output. They tend to diminish the production of my farm, my mine or my factory.

Price-fixing certainly does not stimulate production or retard consumption. On the contrary, it promptly, positively and extensively retards production and stimulates consumption. This is in accordance with the natural law of prices, the law of supply and demand. High prices stimulate production. Low prices retard it.

#### PRICE-FIXING A DRAWBACK IN WINNING THE WAR

Price-fixing, then, because it retards production instead of stimulating it, and stimulates consumption instead of retarding it, becomes a serious drawback rather than an aid in winning the war. It not only fails to accomplish the vital thing we now demand of every new law and every new activity, but it actually does the opposite. Witness on the one hand the falling off in coal production which followed the fixing of coal prices last fall and the decrease in steel production which followed the coal shortage in December, and is still continuing, and on the other the large volume of non-essentials being sold in every part of the country. So it fails to stand the test. It will not shorten the war, rather it will lengthen it. It will not save lives. Rather it will cost them.

#### SHIFTING WAR'S BURDENS FROM THE CIVILIAN TO THE SOLDIER

The war has laid a new and immense burden upon the nation. Congress can neither increase nor decrease this burden by one jot or tittle. Its measure is told wholly by the ferocity and tenacity with which Germany fights and the part our Allies take in resisting her. Our own Congress is powerless to affect the sum total of this load in any way. Our own Congress can do nothing except shift part of the load from the shoulders of one group of our own people to those of another, and in whatever extent it relieves one group it must to just exactly that extent burden the other. And that is exactly what it is doing when it fixes prices. It is shifting part of the load; it is shifting part of the load from the shoulders of the civilian to those of the soldier. It is compelling the soldier to run greater risks in order that the civilian may have more comforts; it is buying "jewelry" for the civilian with energy that might be going into aeroplanes for the soldier; it is buying music-machines for the stay-at-home with energy that might be going into machine-guns for the fighter; ease and comfort for the one, risk and hardship for the other. It is shifting the load, it is prolonging the war. They are one and the same thing.

That is price-fixing in its natural nakedness. That is exactly what price-fixing means, and it never can be made to mean anything else in time of war. Congress may legislate until the crack of doom, it may create enough boards and commissions and administratorships to draw every stay-at-home in America into a public job, it may promulgate rules and orders until the whole country is choking to death with red tape, but it can neither change this central fact nor materially affect the results to which it leads. Price-fixing does not stand the test. By no measure excepting only that of the indolent and indifferent stay-at-home is it good policy.

All of which may be summed up in one brief sentence:

*Price-fixing in time of war is nothing short of wholesale murder.*

### WHERE WILL THE PRICE-FIXING POLICY END?

There are other objections to price-fixing, numerous and serious objections. Fixing the price of one commodity means eventually fixing the price of all commodities. If the price of wheat is kept down artificially, then the production of wheat declines. This in turn creates an increased demand for the next best substitute for wheat, say, corn; and this increased demand for corn causes the price of corn to rise, and it then becomes necessary to "fix" the price of corn. Or if the price of steel is fixed, then it becomes necessary to fix the price of lumber, and so on throughout the whole list. Then fixing the prices of all commodities leads inevitably to fixing wages and salaries, and fixing both of these things makes it necessary for the Government to take over all the sources of raw material, indeed, all the natural resources of the country, together with all of the machinery of production and all of the machinery of distribution. That is, when price-fixing is once begun there is no natural stopping place until the Government has confiscated every kind of property and assumed control of all of everyone's activities down to the most sacred relationships of private life.

It is indeed a very fortunate thing that there is a natural law against this. For this is the last word in Socialism overdone, and would mean the end of human progress and the death of individualism. Not only is this true, but also that every step in the deadening course followed to reach this end would be accompanied by confusion worse confounded. Every price fixed would instantly make it necessary to "control" more people and more activities as well as to fix some other price. Chaos would reign in all lines of business and private life. No one would know from one day to another whether he had a job or not, or if he had a job how soon somebody in Washington was going to order a reduction in his wages. Industry would halt and limp, trade would be impeded in a thousand ways, labor

would be employed one day and idle the next, and unthinkable uncertainties would confront every one in every walk of life.

As price-fixing is fundamentally wrong, that is, is in direct violation of natural law, there is no scientific basis from which to figure what particular price should be placed upon any given commodity; there is no established rule. What the price should be is just a guess. One man places it at one figure and another at another. It is a matter of personal opinion, a matter of "cut and try." Thus it must follow that "fixed prices" will be changed from time to time.

A new difficulty growing out of a certain price arises. Governmental authorities change the price to eliminate this difficulty, and then there are new difficulties, or the authorities themselves are thrown out of office and their successors change the price to show that they know more than their predecessors, and so create new difficulties. Questions of price become political issues. Jones is elected to office because he favors ten cent sugar, and Brown defeated because he thinks it should be eleven cents, or *vice versa*. Utterly impossible situations arise in every department of life; every problem solved creates two more, and every difficulty overcome leads to two others yet more serious; and so on to unimaginable confusion.

If the testimony of experience is needed to prove that this is a faithful picture of what may be expected, we need only to turn to our own coal troubles. All over the country mills and factories are running on part time and workers being laid off. All over a large part of the country families are suffering from cold, and in many districts schools have closed. In addition the utmost confusion prevails among producers, dealers and consumers, and immense amounts of time and energy are being wasted in ineffectual attempts to straighten matters out.

True, Mr. Garfield says these troubles are not due to price-fixing. But Mr. Garfield is mistaken. They are

due to price-fixing and nothing else. The production of bituminous coal fell off a hundred thousand tons a day almost immediately after Mr. Garfield fixed the \$2 price last year. Hundreds, perhaps thousands, of mines were closed. The public has been told that the coal famine which followed and is now causing increasing hardship and confusion and retarding the production of war and living necessities is due to inability of the railroads to move the coal being mined. Even if this were wholly true, and it in fact is only partially true, the trouble would still be traceable to "price-fixing and to nothing else." It would be traceable to the fact that railroad rates have been "fixed" for years at so low a figure that the railroads could not keep abreast of the times in the matter of increased facilities; and are now fixed at so low a figure that unnecessary passenger travel and the shipment of great quantities of unnecessary articles of trade are made possible and encouraged. The existing congestion of traffic can be relieved almost overnight by sharp discriminatory advances in fares and rates.

#### PRICE-FIXING FAILS TO SPEED UP PRODUCTION

But we do not need to go into these objections. They are general; they are peace-time objections. We are testing price-fixing merely as a war measure. We are asking merely whether it helps us to win the war and win it quickly. And the answer is, that it most certainly does not.

But someone will say that in reaching this conclusion we have overlooked the highly important fact that in connection with price-fixing the Government is in a way controlling or attempting to control the distribution and consumption of the commodities it has priced, and so is forcing down the consumption of these commodities in spite of the fact that the low prices fixed tempt people to waste them. The answer is, first, that the Government is not curbing the consumption of these commodities in anything like as great an extent as is necessary, not indeed

anything like as generally and effectively as high prices would, and that what it is doing in this way is costing a tremendous amount of energy that might otherwise be turned to productive pursuits, and at the same time is causing much confusion and loss of time as well as a substantial reduction in the production of certain vitally necessary war material; and, second, that even if it could and did bring about as great and just a reduction of consumption as high prices would, and could and did do this without employing an army of servants and using limitless and costly red tape, it would still have failed to accomplish one of the two vitally important things that must be accomplished if we are to win the war and win it quickly. It would have failed to stimulate or otherwise in any way increase production. Not a single one of the activities entered upon by the Government in connection with price-fixing is calculated to speed up production. Not the very most optimistic and enthusiastic supporter of price-fixing can claim that it will do this. Indeed, the most stupid man alive knows to a positive certainty that it will do the exact opposite. No better reason for ignoring these activities is needed.

#### REPLY TO ARGUMENTS IN FAVOR OF PRICE-FIXING

Now, to answer a few of the more obvious objections to the release of prices, or to put it the other way, to point out the more conspicuous fallacies in the argument in favor of price-fixing.

First of all, comes the argument that if prices are not fixed the "profiteer" will grow rich out of the hardships of other people less fortunately situated. This is no argument at all. With just and comprehensive laws taxing excess profits and restricting speculation there can be no such thing as a profiteer." Whether the existing laws are such laws or not is not yet determined. But this question need not be discussed, for if they fall short in any particulars Congress can and certainly will correct them. Admittedly the preparation of an altogether just and effective ex-

cess profits tax law is not the easiest matter in the world. Such a law must be so drawn that it will accomplish two results; first, it must prevent large profits, and, second, it must stimulate rather than retard production. If it is so drastic that the manufacturer of war necessities cannot realize profits enough to keep up his plant and possibly also expand it, then it retards production. On the other hand, if it is so lax that capital employed in war industries can make abnormal profits without taking commensurate risks, it will be unjust and burdensome to everyone excepting the owners. As an abstract proposition any excess profits tax is unscientific. But the fact that war almost instantaneously increases the demand for certain products immensely and that the machinery with which to meet this demand cannot be called into existence instantaneously but can only be set in motion after several months, possibly a year or more, of preparation, makes such a law necessary as a war-time measure. If war were a permanent state, that is, if we were certain that we were going to be at war indefinitely, such a tax would be unnecessary, because in the course of a reasonably short time the natural law of supply and demand would bring about such relocations of capital and realignments of business as would eliminate all great inequalities in the matter of profits realized from different lines. But as war is not a permanent state, capital is not attracted to industries that are necessary only in war time. The net result is that throughout the whole war period certain industries will enjoy unusual opportunities for money making, and to offset this an excess profits tax is necessary. And as a matter of justice such a tax should be made just as drastic as it needs to be to prevent abnormal profit. Nothing could be more monstrously unjust than for a certain few people to be enjoying abnormal profit when the country as a whole is running at a loss and the people as a whole are being subjected to hardship. But for the purposes of this discussion

it may be assumed that Congress will see to it that the excess profits tax law prevents any such result. For Congress easily and certainly can do this.

Thus we do not admit that the "profiteer" is an argument.

Unfortunately there is widespread misapprehension as to the extent to which "profiteering" as we now use the word in its popular sense is made possible by the fact of war, and also as to the extent to which it is indulged by those to whom war makes it possible.

But all of this, to put it mildly, is rather thoughtless. The facts, of course, are that the number of business people to whom the war brings opportunities to make exorbitant profits is few in proportion to the whole number engaged, and that, generally speaking, those who do make unusual profits do so without departing in the slightest extent from the practices which the whole world for centuries has approved as both right and proper. Though, of course, there are exceptions. The general rule upon which business has been conducted is to sell at the highest price obtainable and buy at the lowest at which goods of the right quality can be had. And, generally speaking, no one departs very widely from this rule. The man who has labor to sell sells it in the highest market; even sometimes he organizes unions for the purpose of advancing wages. The college professor goes to the college that pays him most; the minister to the church that pays him most; while the farmer, the manufacturer and the dealer all seek the highest market for their goods. This is the general rule. No one quarrels with this rule much in time of peace, for the net result of its general application in time of peace is reasonably just. But war disturbs matters. It affects some kinds of business unfavorably and others favorably, and those who are unfavorably affected are apt to complain of those who are favorably affected when, in fact, those of whom they complain are doing exactly the same thing that they themselves would do if the position were reversed.

But these facts are so obvious that

even the blind must read them. So the probable explanation of this misapprehension is that we do not want to understand. When we are hurt it is natural for us to look for someone to blame. The real cause of our trouble, the Emperor of Germany, is far away, but the man who runs the corner grocery is near at hand. So we decide that the groceryman is a "profiteer," and encourage our publicists and political representatives to abuse everyone who has anything to do with foodstuffs.

As a matter of fairness we might remind ourselves of a few other obvious facts. The fact of war does not change men's characters. There are no more men who are willing to take advantage of their neighbors to-day than there were before war was declared. There are no more "profiteers" among people engaged in the grocery business, the coal business, the steel business, and other war-stimulated lines than there are among those engaged in other lines. There are no more "profiteers" among the farmers than there are among the college professors. The fact that isolated individuals here and there have taken advantage of the conditions brought about by the war and violated all the rules of decency in business does not stand as a sweeping condemnation of all the people who are engaged in war-affected lines. There are a few evil-minded men in all lines. In time of peace we do not judge every one by the acts of the few. There is no good reason why we should do so in time of war. Remembering such well-known facts as these and others of a like nature would clear away some of this misapprehension concerning "profiteering"; and clearing away this misapprehension would make many things move more smoothly than they now do.

But this is a little aside from the real point. The real point is that even if "profiteering" were indulged in as extensively and corruptly as the thoughtless like to believe, its net result, with a comprehensive excess profits tax law in force, would be merely to turn money into the public treasury to be used in prosecuting the war.

So the "profiteer" argument "falls of its own weight."

#### HIGH PRICES OF THE NECESSARIES OF LIFE

Next comes the argument that in the absence of price-fixing prices will rise so high that workingmen cannot keep themselves and their families supplied with the necessities of life. In neither past experience nor logical reason is there basis for this argument. During the Civil War prices were allowed to find their natural levels. And though we had at that time neither an excess profits tax nor a gold-based scientific currency such as we have to-day, no one in the North who was able and willing to work went hungry. Prices rose to high figures and behaved generally in an unaccountable way, but wages followed closely enough to prevent hardship, though, of course, there was complaint. Sugar rose from twelve cents to fifteen cents; eggs from fifteen to twenty-five cents; cheese from eight to eighteen cents, and butter from ——— to eighty cents. There was no uniformity. On a gold basis the average price of all commodities rose about 125 per cent. That is, at the highest point prices were a little more than double what they were before the war. But incidentally they were not as high even then as they were in the year 1916, the year before we entered the present war. The same statement applies in a general way to wages. And the net result was that the civilians of the North as a whole came through without real suffering, if not without discomfort. And with a good banking and currency system such as we have to-day and an excess profits tax such as we have to-day, they doubtless would have come through quite comfortably. True, the Civil War was a local war, but the principle which governs is the same in a local war as in a world war. It is the principle we commonly refer to as the law of supply and demand. In the situation in which we find ourselves to-day it means that prices can only rise high enough to make it possible for the man

able and willing to do a real day's work to support his family when and if Germany can whip us. The bigger the army German pressure compels us to train and support, the greater the demand there will be for certain commodities that are war and living necessities. The greater the demand for these things, the higher the prices.

Considering the war as the sole cause of changes in prices and wages, and it is logical to do this because no important changes in our economic situation are taking place except those that are due to the war, we can state it more clearly thus: The "spread" between what the average man can earn and what it costs him to live is in inverse ratio to the pressure Germany brings to bear upon the country. Wages, like prices, move in obedience to the law of supply and demand and are affected by changes in the volume of money in existence. In normal times there is in this country a comfortable "spread" between the average wage and the average cost of living. War pressure tends to diminish this spread and the greater the pressure the smaller the spread. Wages rise with prices, but they do not rise as rapidly as prices even in peace time, and under war pressure they will not rise as much. But they can only fall far enough behind prices entirely to eliminate this peace-time "spread" between the two when and if the pressure of war is greater than the country can bear. That is, prices cannot rise to such a point that the able-bodied, industrious man cannot support his family until we are economically exhausted. When we set the population and wealth of our country and its Allies in one column and those of our enemies in another, we are certain that the enemy will reach a state of economic exhaustion before we even approach it; and, therefore, we are certain that prices here cannot reach unbearable heights.

We are certainly going to win in the end, though clearly we are going to waste hundreds of thousands of lives, if we don't pretty soon commence to

punish ourselves here at home more than we have so far.

So the fear that prices might rise to "impossible heights" is without foundation.

#### HIGH PRICES AND THE RICH

The next reason usually offered for price-fixing is that the discomfort which high prices will occasion will not affect the rich; that is, that while high prices will cause everyone else to forego luxuries and cut out wastes, the rich will still be able to indulge themselves with comparative freedom. This, of course, is true. High prices will not prevent rich people from buying what they want. But neither will fixed (low) prices, or, for that matter, any other kind of prices. Indeed, neither will anything the Government can do unless it confiscates their wealth or adopts and enforces a scheme of control so far-reaching in effect as to be the equivalent of confiscation. If the country is put on "food rations" the rich man can buy himself a farm, a dairy, a slaughter-house and whatever else he needs to keep well fed. If the use of coal is restricted he can buy himself a coal mine. To force him to suffer personal hardship if he himself is determined that he will not and doesn't care how much it costs to avoid it, is very, very difficult; almost impossible. Except as he pays taxes, contributes to war funds and voluntarily denies himself, he can pretty largely evade great hardship under any programme that can be followed if he tries. This is not "fair," but neither is it "fair" that he should be very rich.

No one man can earn a hundred millions. But we stand for a general distributive system that permits some men who are fortunate to honestly acquire such amounts, and so long as we do this we must deny ourselves the privilege of quarrelling with the results. Furthermore, fixing prices does not change the rich man's relative status. In a material way he has more than other people all the time. In peace he has more, and so he will have while we are at war.

And again, the rich constitute probably less than one-half of one per cent. of the population, and what they consume and produce cuts very little figure. If all the rich people in the United States were to stop eating and otherwise consuming entirely the saving would be almost negligible; and if all the rich people in the United States were to get up every morning at 4 o'clock and put in fourteen hours at productive manual labor each day, the increase in production would be almost negligible. So, broadly speaking, it does not matter greatly whether their physical comforts are taken away or not. That the rich man has comfort when the rest of us do not irritates us, it shocks our sense of the fitness of things, and sometimes it starts great floods of language, but it doesn't really affect our prospects of winning the war; it doesn't noticeably impede production or increase consumption. And perhaps the many millions in dollars that the rich are pouring into the public treasury in taxes and bond purchases and giving to the Red Cross, the Y. M. C. A. and countless other organizations devoted to war relief, help to even things up. Even the most bitter rich-man hater among us must admit that since we entered the war the rich people of the country have been giving away money in a way that has no precedent either in this or any other country, and have been shouldering their heavily increased tax burdens in a spirit that also is almost without precedent.

Furthermore, some, indeed most of them, are voluntarily making work and comfort sacrifices, and will continue to do so whether compelled to or not.

#### THE CONSCRIPTION OF WEALTH

Frequently we hear the suggestion that conscription of wealth is just as reasonable as conscription of men, if not more so. There can be no quarrel with the general idea conveyed by this suggestion. If either the money or the material things needed to carry on the war could be obtained by conscripting wealth, no doubt at least ninety-nine and one-half per cent. of us would vote to have wealth conscripted. But to

conscript wealth literally would help us in outfitting the army just about as little as it would in mustering the men who comprise it. The things we need in addition to man-power are food, clothing, ammunition, guns, aeroplanes, ships, submarines, and a great variety of other similar things that are never owned in large quantities in time of peace by anyone. Conscripting wealth would not create these things. Conscripting wealth would only result in bringing the Government into possession of certain parts of the lands, buildings, machinery, mines, forests, farms, jewelry, works of art, books, automobiles, and similar other things of little or no use whatever to fight with, that go to make up the wealth of the country. In a word, actual conscription of wealth would result in nothing much except chaos and new and multitudinous responsibilities for the Government.

Not two per cent. of the wealth of the nation is in the form of real money, not ten per cent. is in the form of war necessities and not one-fifth of this ten per cent., or less, is in the form of war necessities that could be conscripted without starvation and incalculable suffering to people who are anything but rich. Actual conscription of wealth would not result in raising enough war material to keep the army going a month. Wealthy people do not buy shrapnel, uniforms, machine-guns, ambulances, and kindred things for investment purposes in times of peace, and so they do not have such things in their possession in time of war. Such people invest in land, buildings, industries, railroads, banks, mines, public utilities, and like things of a fixed character, things that make up the permanent wealth of the country. Conscripting wealth would be about as helpful in outfitting the army as conscripting cigar-store Indians would in manning the guns. But the thought behind the suggestion is not that wealth should be actually conscripted in the sense that men are, but rather that in so far as is practical the rich should be made to pay the largest part of the money cost of the war. And this is just. We have

seen that the rich cannot be compelled to pay any appreciable part of the energy and hardship cost, so it is proper that they should bear a disproportionate share of the money cost. This the Government is already making them do. Whether the last increase in the income tax will accomplish this fully enough to be entirely just is a question concerning which there will be a division of opinion. From the standpoint of pre-war ideas the increases were tremendous, but whether exactly just or not is an open question. One of the most reassuring features of the whole situation in this country is that the people in all groups express willingness to submit to whatever is necessary to win the war, and show anxiety rather that the war should be quickly ended than that they themselves should be saved from inconvenience or hardship. In meeting their heavily increased war taxes the people of large means are showing themselves to be no exception to this general rule. They have not complained about the increases, and it is probable that they would not have done so even if the increases had been much greater. If the present Income Tax Law does not cover the matter it can be made to do so.

It all sums up, then, to this: It matters very little to the rich whether we fix prices or not, and it matters very little to the country whether the rich are well fed or not. What the rich need most from the country is honest recognition of the fact that they are made of the same kind of clay as the rest of us and are just as ready to make voluntary sacrifices as the rest of us; and what the country needs most from the rich is their "financial devotion." And in the end each will probably get about what he needs most whether prices are fixed or not.

#### EFFECTS OF PRICE-FIXING ON THE VERY POOR

Next there is the question, What about the very poor and the people with small fixed incomes, incomes of the kind that do not rise with the rising tide of prices as do wages and salaries

generally? The very poor, like the very rich, constitute but a small part of the population. In peace times they are "helped" by the communities in which they live. Higher costs will affect them by increasing the amount of help they will need. Is there anyone who fears that the communities that have been helping them will not meet this increase in their needs? Certainly no one who has anything to do with our local charities entertains such a fear. Local charities are already increasing their budgets all over the country and because the spirit of giving has grown mightily since the war began are having less trouble than ever before in obtaining the funds they need. Obviously the very poor would be worse off than they are now if prices rose, but they would not actually suffer much, if any, more.

As to the man with the small fixed income which cannot be expanded, that is a different matter. He will be very much worse off. He will be obliged to go out and get a job if he is able to work, and if not he will be obliged to live on "short rations." This will not be pleasant if he is accustomed to comforts.

But neither is freezing to death on guard duty pleasant nor running into a bayonet pleasant, nor anything else that grows out of the war.

Because of the fact that the very poor stir our sympathy and the very rich our resentment, we are apt to give to these two groups disproportionate consideration. And this is a mistake. The people of these two groups together probably make up less than one-hundredth part of our total population. Laws of general application that are framed with special reference to our feelings towards either or both are almost certain to be very bad laws for the country as a whole. And so, too, with policies and plans. It may be that in deciding to fix prices Congress was not influenced by such feelings and considerations. But in all probability it was.

But these are not considerations that should be allowed to weigh unduly.

High prices will hurt the very poor and they will hurt the man with a small income, and do this while sparing the rich. But if to avoid this evil we must commit the incalculably greater one of sacrificing the lives of tens of thousands of soldiers, then we would better not avoid committing it. It is very much the lesser of the two.

#### SAVING THROUGH PATRIOTIC IMPULSE

Another argument sometimes offered for price-fixing is that our people are so unusually patriotic that they will work and save as much as they should without compulsion. That our people are patriotic in a high degree is beyond question. They have displayed about the finest spirit imaginable ever since war was declared; they have given money and time without stint; they have voluntarily denied themselves a great many things which they wanted and could afford to buy. All over the country thousands of women are giving pretty much all of their time to Red Cross and National League for Woman's Service work, and doing it cheerfully and even proudly. In many communities the teagown is a thing of the past, while the work-dress is the usual garb. Our colleges are almost empty and not because the draft has emptied them. The city of Washington is overflowing with able business men selling their services to the Government for a dollar a year. There are hundreds, yes thousands, of Government commissions and boards and private relief organizations all over the country, made up often of the busiest of men giving freely of their time and service without pay.

If the war has done nothing else, it has at least moved us to a better understanding of the good there is in mankind and a livelier appreciation of the high sense of patriotism that is abroad in our own country. But this matter of working as hard as we would and saving as much as we should to win the war quickly is not so much a matter of patriotism as it is a matter of judgment. In times past we have been guided in our judgment as to how much we should work and how little we

should buy by the price of things. Price-fixing takes away this guide. We are at sea. Moreover, there are many people who are frankly unpatriotic and will deny themselves things they want only when forced to do so by some power beyond their control. And such people corrupt and influence others, who, if left to their own devices, would be patriotic.

So lacking conclusive proof, the presumption would be that we will not work as steadily as we should and save as much as we would without compulsion. But we have conclusive proof. We are not doing so now. If we were doing so prices would not need fixing. The fact that prices need fixing is conclusive proof that we are consuming too much or producing too little, or both.

To put it another way, if we were willing and able to do as much work as we should and live on as little as we should to win this war quickly, without being compelled to do so by high prices, and did so, then there would be no high prices. Prices cannot be high if production meets or exceeds demand. True, a good many people have a hazy idea that high prices are merely evidence that producers and dealers are greedy. This cannot be true, for whether greedy or not producers and dealers being subject to the law of competition are powerless to arbitrarily advance prices to any considerable extent. The iron and steel makers of this country represent more capital than do any group of producers. After the panic of 1907 these men, knowing that the demand for iron and steel products would fall sharply as a result of the panic and that prices would follow suit in obedience to a natural law, and thinking that such a decline in prices would cause a great many business failures among dealers and react in a disastrous way upon wages, undertook to maintain prices at normal levels. They gathered together at the now historic "Gary dinners" and without violating the letter of the law against price agreements learned from each other that every one believed prices should be

maintained. Then they tried to maintain them. They did not succeed. Prices held for a short time and then broke to new low levels, as it was inevitable that in obedience to the law of supply and demand they must. If such an aggregation of capital as that represented by these producers could not hold prices above their natural levels, surely it is ridiculous to assume that the corner groceryman can do so or that all the grocerymen in any given town put together can do so.

In every city in the land we read and hear of combinations of dealers in various lines in violation of the anti-trust law, and in every city in the land we hear high prices charged to such local combinations. That there have been such combinations will not be denied, but that they have ever been successful in holding prices much above their natural levels for any considerable period of time is quite impossible. They never have and they never can. The only way that any men or group of men can maintain an artificially high price for anything would be to own all or substantially all there was of that particular thing in the world, and at the same time control its production and have a law passed to compel people to use it, whether they could find a substitute or not.

#### WHAT DETERMINES PRICES

In a word and broadly speaking, the law of supply and demand determines prices. In this connection it is perhaps proper to remind ourselves that what we call the law of supply and demand is the expression in business life of the strongest instinct with which the Creator has endowed mankind, the "instinct of self-preservation"; the instinct without which man could not live at all, and lacking which the human race would long ago have disappeared from the face of the earth; and that, therefore, it is a law which cannot be annulled by men, or even greatly or long obstructed by men. It is more potent than all the laws of all the governments that are or ever have been or ever will be on this earth. It is more potent

than all the men and combinations of men who have ever lived or ever will live. It is this law which makes the farmer accept \$2 for wheat when he knows it should bring \$2.50; the laborer work for forty cents per hour when he knows he should be getting fifty cents; the clothier sell a suit for \$25 that he knows "is easily worth" \$30; the college professor accept a \$5,000 position when he is certain that his services should command \$10,000; the banker take six per cent. for his money when "really it is worth" eight per cent.; and so on throughout the whole list of human activities. It is an irresistible law. It cannot be violated either with impunity or without penalty. It is a law of nature, human nature.

And now to repeat. The belief that we will work as diligently and use as sparingly as we should without compulsion is without foundation. It is tantamount to the belief that there will be no high prices even if prices are not fixed. High prices are compulsion and they come only when compulsion is necessary and because it is necessary. They do not come unless it is necessary. No person who believes that the country will produce as much as it should and consume as little as it should during the war without compulsion can possibly favor price-fixing and be consistent. But it is an interesting fact that it is always the man who favors price-fixing who believes or pretends to believe that we will do what we should without compulsion. The Government is just about as likely to get all the people to work and save as they must to win the war without compelling them to do so by releasing prices as it would be to get them to pay into the public treasury the money it needs to win the war without compelling them to do so by levying taxes.

#### THE EXAMPLE OF CANADA

Canada has made a more generous and effective contribution to the combined strength of the Entente Allies in proportion to her wealth and population than any other nation at war, excepting only those that have been fighting on

their own soil. And she has not fixed prices. Indeed, if our reasoning is sound, she could not possibly have accomplished what she has if she had. Incidentally she has not indulged herself in luxuries. She has worked hard and lived simply. She is working hard and living simply. She is not sparing herself. She is putting every ounce that is in her into the fight, and her civilians as well as her soldiers shoulder a big share of the load. This is as it should be, and if we here in the United States are to use the economic policy of any other country as a model would we not better take that of a country in which the civilian does take a big share of the load than that of one in which he is pampered?

#### ATTEMPT TO RELIEVE CIVILIANS OF WAR'S DISCOMFORTS

As our lawmakers must have known the fundamental fact that price-fixing prolongs war, we must look for the real reason for the enactment of the existing price-fixing law. It is our habit to accuse Congress of "playing politics" both when it does and when it doesn't, in fact just about all the time. But in this case we must deny ourselves that luxury. The matter was of such gravity and importance that for any Senator or Representative to have allowed himself to be influenced by party or personal interest would have been treachery of the most flagrant kind. So we can start with the certainty that this law expressed the honest belief of patriotic men acting solely in the interest of the nation as they saw it. Putting these facts together we are forced to the conclusion that Congress believed that the civilian was not ready to put up with the discomfort that the free play of prices would cause, and that it was better to prolong the war and waste the lives of soldiers than risk discontent among the stay-at-homes. We are "forced" to this conclusion because there is no other possible explanation of the law. It was bound to divert energy from military to civil uses, in spite of any other thing that Congress could do, and Congress

knew this when it passed it. There can be but one answer.

Congress was afraid that the civilian would not stand up and take his medicine; it was afraid the civilian would complain, that he would march in the streets and cry down the Government; it was afraid that he would make so much disturbance that our effectiveness as a fighting nation would be impaired. We could forgive Congress if it had been stupid; we could almost forgive it if it had played politics, but we find it difficult to forgive it for writing us down in world history as a nation of molly-coddles. There can be no doubt that complaints would arise if prices were released. There were many complaints during our Civil War. But equally there can be no doubt that when it came home to the people, as come it would, that civilian discomfort spelled soldier protection, that high prices spelled short war, and that only by hard work and simple living could we at home do our bit right, the complaining would have died away, and the American people would have settled down to the business of the hour.

And incidentally be it said that when and if the American people does really put its shoulder to that business the world will wake up to a brand new conception of what real fighting means. It is not idle boasting to maintain that we alone can hold the Hun where he belongs if we get down to work; if the civilian as well as the soldier puts everything there is in him into the fight.

No, we do not forgive Congress for this. It has utterly mistaken the temper of the people. When we said we would back the presidential proclamation that we were at war we meant it. We mean it yet and if Congress will just free the natural law, leaving us to take things as they come as nature intended we should in such a case, and making it impossible for the civil slacker to slack and the civil waster to waste, we will do what we meant to do and what we expected to do when we went to war. We will do our bit and do it right. One little gasp at first, yes. We allow ourselves that to ease the

shock. But after that nothing but the hum of busy wheels and the murmur of steady work; and then and soon a blow to the master Hun and the mephitic philosophy he proclaims, that will lift them both so far beyond the borders of civilization that they never can come back. And then—welcome home to the boys whose lives our sacrifice and toil have helped to save!

Mr. Hoover may be right. He probably is. Sugar might go to thirty cents per pound. But who is there among us who wouldn't gladly cut out half of every pound of the sugar he is accustomed to and pay at the rate of thirty cents for the other half, if he knew that by so doing he was each time putting another needed cartridge into the belt of a son or brother facing hell across the seas?

#### THE SITUATION AND THE WAY OUT

And now and finally a word as to the general situation and the way out.

It is a year since diplomatic relations were severed and ten months since war was declared. Business is in the most confused state it has ever known. The wheels of industry instead of moving more swiftly and smoothly than ever before, as they should, are moving jerkily and at times stopping entirely. The progress that has been made toward outfitting and gathering supplies and equipment for the army is of a disappointing nature. Mr. Baker says that we have done more in this ten months' period than any other nation ever did in a like period. A good many people take exception to this statement and give good reasons for the belief that it is not accurate. But even if it is true, it does not mean that we have done all we should or might have done. Mr. Baker has not said that we have done all we might have done, and it is very doubtful if he would be willing to do so.

In comparing what we have done with what other countries have done, it is to be remembered that we are by far the richest people in the world; that we have a population nearly double that of Germany and nearly three times that of England; and that we

have natural resources that are almost limitless and producing machinery having capacity far in excess of that of any other country. In a word, that we have all the tools, all the materials, and all the men necessary to do very much more in any given time in the way of training and outfitting an army than any other country in the world. So it would seem that there can hardly be two opinions as to whether or not we have done all we might have done.

Now, what is the answer? What is the way out?

If the reasoning we have used in discussing price-fixing is sound, both this chaotic state of business and this failure to make better progress with military preparedness are due not wholly of course, but nevertheless in no small measure, to price-fixing. If there is doubt as to this we may remind ourselves that price-fixing, besides effecting certain direct results that are perfectly obvious, such as retarding production and stimulating consumption, also effects countless indirect results of an almost equally disastrous character.

To illustrate, there is the widespread misapprehension as to what the war is going to cost the individual in terms of ease and comfort, of which public leaders complain. A misapprehension that, resisting a veritable deluge of spoken and written words, permeates the whole country and hinders war preparation in thousands of different ways. This misapprehension is more largely due to the assurance of comfort which the Government holds out to the people by promising to fix prices than to any other one cause. Or again, as a specific illustration, there is Mr. Garfield's famous shut-down order. An order that has caused and is causing immense inconvenience, great loss in money and time, and indescribable confusion. An order which many people charge to stupidity on Mr. Garfield's part, but which in fact was almost wholly due to price-fixing. Out of price-fixing an impossible and perhaps unforeseeable situation has arisen. Nothing but drastic measures would relieve it. Mr. Garfield instituted such measures. There

was no other way out. He probably acted wisely; he certainly acted courageously, but he was generally blamed and not a little abused. In the last analysis he was as little responsible for the trouble as the man in the moon. Congress was responsible for it. Congress, when it adopted the price-fixing policy, made the "impossible situation" inevitable. Mr. Garfield was merely the unfortunate and involuntary instrument of torture. The order was an indirect and inevitable result of price-fixing. Incidentally we may remind ourselves that countless other equally impossible and possibly much more embarrassing situations are going to develop. They are inseparable from price-fixing, and no amount of human foresight can head them off.

What, then, is the answer?

Congress has adopted the price-fixing policy. It believes, and rightfully believes, that the price-fixing law is popular and therefore it will not repeal that law. This being the case, there would seem to be but one answer. Congress must see to it that those who have authority to fix prices shall fix them at levels so high that the free operation of the forces of supply and demand will not be obstructed by the prices fixed. This of course is the equivalent or the near equivalent of not fixing prices at all, for fixing the price of a commodity higher than the natural law or free market price does not compel buyers to pay the fixed price. And coincidentally

with this Congress must carefully study the excess profits tax and the income tax with the end in view of revising them if it is necessary to do so in order to make the pressure of the war really felt by those who cannot be subjected to physical discomfort, care being taken of course to avoid making the excess profits tax so drastic as to retard production. In a word, the answer is for Congress to tell the people, all the people, rich and poor and great and small, in the one and only language that really gets home, the language of pressure, that the war cannot be won quickly unless the civilian population exerts itself as never before, discommodates itself as never before, and pays taxes as never before.

There seems to be no other answer. There is no soft and easy way to win the war. There is no mysterious power that can be invoked to properly protect the soldier, at the same time save the civilian harmless. Man-short as it is, the country cannot possibly produce enough to provide necessities, comforts and luxuries in abundance for the civilian and at the same time arms, munitions and supplies in the greatest usable quantities for the fighter. High prices, high taxes and hard work for the civilian are one alternative. Wholesale murder for the fighter is the other. We can take our choice.

The responsibility of Congress in this matter is very great.



## Japan and the United States

**B**ARON MEGATA, head of Japanese Financial Commission, recently gave utterance to the following:

"Where is the nation standing staunchly for world justice and world righteousness? Where is the nation whose maintenance of the highest ideals of humanity and civilization offers to us a greater and better future? Such

a nation will mold the future of the world.

"Your nation, in the beginning, laid its foundation in justice and liberty. A nation thus conceived and so dedicated has in it the elements to inspire and the principles to lead others in the cause of world righteousness. May the United States be such a leader! Japan is ready to follow her."

# Canadian Banking and Commerce Annual Review

By H. M. P. ECKARDT

**A**LTHOUGH Canadian banking expansion in 1916 surpassed the records of preceding years, the increases then shown have been cast into the shade by the figures of 1917. The total resources of the banks as at December 31, 1917—\$2,323,163,783—were \$375,000,000 greater than at the end of 1916; and as this increase followed one of \$211,000,000 in 1916 and another of \$182,000,000 in 1915, the net result for the three war years is an increase of \$768,000,000, or nearly fifty per cent. In the liabilities, deposits and note circulation show large increases—the two items in combination being \$360,000,000 greater than on December 31, 1916—and in the assets the security holdings increased \$206,000,000. Nearly one-half of the gain in deposits was in the notice deposits, which item contains the savings accumulations of the public together with the special deposits of corporations, firms and individual capitalists. The increase of \$150,000,000 in this department of the deposits during 1917 compares with a gain of \$124,000,000 in 1916—prior to 1916 there is on rec-

ord no year in which the increase of notice deposits exceeded \$75,000,000.

Undoubtedly the satisfactory development reflects, to a certain extent, the response of the public to the thrift campaigns everywhere in evidence. And of course the almost universal employment of the population at high wages and salaries, along with the extremely high prices of practically all kinds of farm produce, necessarily had a great effect in swelling the bank deposits at manufacturing centres and in agricultural districts.

The increase of bank note circulation, as compared with December 31, 1916, is \$14,000,000; and the December, 1916, figures in turn were \$22,000,000 greater than those for the same month of 1915. For the last two years the banks have been obliged to have recourse to excess issues practically all the time. The normal issue power is limited to the paid-up capital, which in case of all chartered banks aggregates \$111,000,000. The following table shows the amount of excess issues at the end of each month in 1917, also what these issues were based upon:

EXCESS ISSUES OF BANK NOTES

Month.	Excess.	Covered by Deposits in Central Reserve	Uncovered Subject to Tax.
January .....	\$22,451,726	\$22,367,353	\$84,373
February .....	27,079,212	26,118,762	960,450
March .....	36,694,225	33,436,859	3,257,366
April .....	34,328,376	33,689,310	639,066
May .....	31,469,381	30,839,093	630,288
June .....	45,120,594	41,484,249	3,636,345
July .....	44,150,334	43,086,958	1,063,376
August .....	46,302,806	45,245,520	1,057,286
September .....	66,028,747	61,684,768	4,343,979
October .....	76,628,658	72,245,713	4,382,945
November .....	84,466,040	83,195,569	1,270,471
December .....	82,306,208	81,668,924	637,284

It should be noted that the ordinary issues of the banks, up to the paid-up capital, were free from tax until January, 1915, at which date a war tax of one per cent. was imposed. As the banks have been continuously beyond the limits of ordinary issue during the past two years, the tax has virtually represented an impost of one per cent. on capital stock. Then the Bank Act of 1913 authorized the banks to issue in excess of capital, up to fifteen per cent. of capital and rest, each crop season, from September 1 to February 28, inclusive, subject to tax at five per cent. As a war measure, this privilege was extended to apply to the whole year. Finally, by depositing gold or Dominion legal tender notes dollar for dollar in the Central Gold Reserves, the banks may at any time issue notes over and above the amounts otherwise authorized. Thus throughout 1917, although they had authority to over-issue up to \$33,700,000 in uncovered notes taxable at five per cent., they at no time had as much as \$5,000,000 in circulation on that basis. Nearly the whole amount of their excess issues have been covered by the special deposits of specie and legals.

There occurred in 1917 a considerable increase in the amount of Dominion legal-tender notes held by the banks. On December 31, 1916, there were in the vaults of the banks \$124,700,000 of these notes, and the banks had in the Central Gold Reserves, pledged against excess issues of their circulation, an additional \$31,700,000. So the total then held by them, directly and indirectly, was \$156,400,000. At the end of December, 1917, the Dominion notes held in the bank vaults was \$167,500,000, and the amount pledged by the banks to the Central Reserve was \$77,600,000—the total held directly and indirectly being \$245,100,000, an increase of \$88,700,000. There was not much change in the amount of Dominion notes held by the public—the balance rising from \$24,400,000 to \$27,800,000. These figures show how largely the Dominion note issues are used as bank reserves—on December 31, 1916, the banks accounted for five-sixths of the

entire Dominion note issue; and in December, 1917, they accounted for ninety per cent.

The large expansion of the Dominion note circulation occurred mostly in the fall of the year—the rise between September and the end of December being \$80,000,000—and it resulted from the action of the Ottawa treasury in performing the functions of a bank of rediscount. In other words, the public treasury has been performing services for the Canadian banks similar in some respects to the services performed for member banks by the Federal Reserve Banks of the United States. Loaded as they were with special loans to the British Government in connection with purchases of munitions, etc., and with loans to the Dominion Government in connection with its war expenditures, the Canadian bankers probably could not have undertaken to provide the \$100,000,000 required for purchase of the Canadian wheat crop by Britain if the Dominion Government had not arranged to rediscount or take over some of their holdings. Under the arrangement the banks delivered to the treasury approved securities, and received the proceeds thereof in the form of Dominion legal-tender notes, which though inconvertible during the war are yet available for settling differences at the clearing-houses and as a basis for extra issues of bank notes.

The Dominion's extra issues are covered by the securities handed in by the banks, which doubtless include short date obligations of the British Treasury, as well as documents carrying title to the grain held for account of Great Britain. At the end of December, 1917, the reserve against the \$272,900,000 Dominion notes outstanding consisted of \$114,700,000 gold and \$98,200,000 securities as above referred to. On December 31, 1916, against a total issue of \$181,000,000, there was in reserve \$114,000,000 gold, or sixty-three per cent. At the end of 1917 the gold reserve was forty-two per cent. with a further backing of thirty-six per cent. in securities. It is expected that with the settlement of England's

liabilities for grain purchased in Canada there will be a substantial contraction of the Dominion note issues based on securities; and the spring of 1918 may thus witness a marked improvement of position.

## GENERAL CONDITION OF THE BANKS

The general banking position on December 31, 1917, is compared with December, 1916, in the accompanying table:

LIABILITIES		Dec. 31, 1917.	Dec. 31, 1916.
Note circulation .....		\$192,923,824	\$148,785,287
Dominion Government deposits .....		65,998,553	24,639,227
Provincial Government deposits .....		16,781,591	18,370,320
Deposits of the public (demand) .....		569,441,871	458,208,417
Deposits of the public (notice) .....		995,978,013	845,006,717
Deposits elsewhere than Canada .....		174,779,104	162,860,614
Deposits of other banks in Canada .....		10,634,093	8,937,287
Due to banks in Great Britain .....		3,032,669	3,791,895
Deposits of banks in foreign countries .....		19,841,884	17,595,054
Bills payable .....		3,479,765	5,241,642
Acceptances under letters of credit .....		21,981,345	9,131,318
Other liabilities .....		6,860,680	4,380,720
Total .....		<b>*\$2,081,733,392</b>	<b>*\$1,760,948,568</b>
Capital paid .....		111,673,776	113,346,341
Rest, or surplus .....		114,100,693	113,383,343
Profit and loss balance .....		15,655,922	14,366,004
Total .....		<b>\$2,323,163,783</b>	<b>\$1,948,044,256</b>
ASSETS			
Specie .....		\$82,032,863	\$71,172,169
Dominion notes .....		167,509,121	124,750,241
Circulation Redemption Fund .....		5,769,631	6,861,475
Deposits in Central Gold Reserves .....		97,270,000	43,700,000
Notes and cheques, other banks .....		119,677,841	96,537,562
Deposits in other banks, Canada .....		6,995,230	6,090,068
Due by banks in Great Britain .....		13,372,044	25,972,563
Due by banks in foreign countries .....		51,355,562	50,448,693
Dominion and provincial securities .....		188,703,175	31,092,081
Canadian municipal, etc., securities .....		224,093,823	167,578,788
Railway and other bonds .....		55,609,275	64,107,540
Call loans, Canada .....		71,779,020	82,569,983
Call loans, elsewhere .....		134,483,482	173,878,134
Current loans, Canada .....		858,533,298	820,378,557
Current loans, elsewhere .....		111,581,098	76,396,720
Loans to Dominion Government .....			3,970,000
Loans to Provincial Government .....		9,774,419	1,967,743
Loans to municipalities .....		36,353,039	24,056,797
Overdue debts .....		4,859,343	5,760,812
Real estate, other than premises .....		5,570,572	5,424,961
Mortgages on real estate .....		1,804,157	1,804,484
Bank premises .....		51,484,586	49,788,940
Liabilities of customers under letters of credit .....		21,981,345	9,131,318
Other assets .....		2,570,703	4,604,451
Total assets .....		<b>*\$2,323,163,783</b>	<b>*\$1,948,044,256</b>

\*Difference in additions is owing to omission of cents.

## IMMEDIATELY AVAILABLE RESERVE

	Dec. 31, 1917	Dec. 31, 1916	Per Cent. of Whole	
Specie .....	\$82,032,863	\$71,172,169	18	16
Dominion notes .....	167,509,121	124,750,241	36	28
Surplus in Central Reserves .....	15,601,076	8,611,336	4	2
Net foreign bank balances .....	61,694,937	72,629,361	13	16
Foreign call loans .....	134,483,482	173,878,134	29	38
	<b>\$461,321,479</b>	<b>\$451,041,241</b>	<b>100</b>	<b>100</b>

As the liabilities increased more rapidly than the available reserves, the ratio fell during the year. On December 31, 1917, it was 25.10 per cent. of net liabilities, as against 29.12 per cent. on December 31, 1916. However, as the Dominion Government received on January 2, 1918, a large proportion of the proceeds of the \$400,000,000 Victory Loan, and as some of this money was applied to pay off the Government's bank loans, the ratio would probably rise in the early months of the present year. Also, owing to the fact that practically all of the extra issues of bank notes during the fall (which amounted to \$40,000,000) were covered dollar for dollar by specie or legal-tender notes, the return of this bank-note currency in January would have the effect of strengthening the bank position, just as the January return movement of currency in the United States strengthened the New York banks under the old currency system.

Canada's peculiar situation as regards foreign trade and in cessation of Canadian borrowing in the United States, compelled the banks to draw heavily upon their external reserve of call loans and bank balances. The annexed table shows the items of which this foreign reserve is composed and the fluctuation of the totals during the war period:

000's omitted)		Net Amount	Due by	Foreign	Total
		Due by	Banks in		
		British Banks	Foreign Countries	Call Loans	
November, 1914.....		\$695	\$37,078	\$74,459	\$112,234
February, 1915.....		1,786	32,729	89,890	124,406
May, 1915.....		8,572	36,481	136,098	181,152
August, 1915.....		16,632	49,990	120,607	187,230
November, 1915.....		26,867	55,431	135,530	217,829
February, 1916.....		18,722	70,999	139,138	228,859
April, 1916.....		17,260	114,804	147,146	279,211
June, 1916.....		16,103	75,384	182,757	274,244
August, 1916.....		18,833	66,309	171,380	256,523
November, 1916.....		24,632	48,578	162,344	225,903
February, 1917.....		16,980	46,578	162,344	225,903
May, 1917.....		13,983	61,704	168,692	244,380
August, 1917.....		16,658	50,058	178,610	245,327
October, 1917.....		12,041	57,314	151,018	220,375
December, 1917.....		10,339	51,355	134,483	196,178

During the first three months of 1917, Canadian provinces and municipalities were able to place issues of their securities in the United States

market, and American bond houses participated with Canadian dealers in bidding for the new issues made in the Dominion; but from the beginning of April, when the United States entered the war, the American market has been preserved for the great issues of Liberty Bonds. The closing of this external market greatly increased the exchange difficulties of Canadian bankers. The Secretary of the Treasury gave permission for New York bankers to make a loan of \$100,000,000 to the Dominion Government on August 1—the loan being comprised of two-year five per cents. issued at 98—and this helped to keep exchange rates stable for a time. Two months later, in October, the action of Canadian bankers in bringing home their foreign balances for use in the special grain credit, turned the exchanges temporarily in Canada's favor—New York funds falling to a discount of 15/16 per cent. on one occasion—but a recovery ensued early in November with the Washington announcement to the effect that the embargo on gold exports would be modified to an extent to permit of shipment of \$25,000,000 to Canada if necessary. Since then, although no important shipments went to Montreal, New York funds have been ruling at a premium in Canadian centres, which premiums

reached  $\frac{1}{2}$  per cent. by the middle of December, and  $1\frac{3}{8}$  per cent. in January, 1918.

The net earnings and dividends of

## NET EARNINGS OF CANADIAN BANKS

Bank.	Year Ended.	Net Profits.		Dividend Paid	
		1917.	1916.	1917 Per Cent.	1916
Bank of Montreal.....	Oct. 31	2,477,970	2,200,471	12	12
Bank of Nova Scotia.....	Dec. 31	1,295,316	1,252,039	14	14
*Bank of Brit. N. Amer.....	Nov. 30		546,346	8	6
Bank of Toronto.....	Nov. 30	802,920	730,954	11	11
Molsons Bank.....	Sept. 30	615,515	582,356	11	11
Banque Nationale.....	Apr. 30	417,622	341,003	8	8
Merchants Bank of Can.....	Apr. 30	1,120,309	950,714	10	10
*Banque Provinciale.....	Dec. 31	207,483	187,483	7	7
Union Bank of Can.....	Nov. 30	763,464	651,184	9	9
Can. Bank of Commerce.....	Nov. 30	2,637,555	2,439,415	12	12
Royal Bank of Can.....	Nov. 30	2,327,979	2,111,307	12	12
*Dominion Bank.....	Dec. 31	1,065,062	947,615	12	12
*Bank of Hamilton.....	Nov. 30		442,525	12	12
Standard Bank of Can.....	Jan. 31	580,230	563,401	13	13
Banque d'Hochelaga.....	Nov. 30	565,433	546,011	9	9
Bank of Ottawa.....	Nov. 30	616,239	591,205	12	12
*Imperial Bank of Can.....	Apr. 30	1,117,818	998,960	12	12
Home Bank of Canada.....	May 31	217,059	133,406	5	5
Northern Crown Bank.....	Nov. 30	208,608	128,761	5	nil
*Sterling Bank of Can.....	Apr. 30	152,666	136,646	6	6
*Weyburn Security.....	Dec. 31		82,149		5+9.1
Total .....		17,189,248	16,563,951		

\*Bank of British North America results for year ending November 30, 1917, not published at date of writing. Delay arises because head office and court of directors are in London, England.

\*Banque Provinciale profits 1916, less provincial taxes.

\*Dominion Bank profits, 1916 and 1917, less provincial taxes.

\*Bank of Hamilton has changed the date of its fiscal year—the report not yet issued.

\*Imperial Bank profits 1916 and 1917, less auditor's fees.

\*Sterling Bank profits 1916 and 1917, less provincial taxes.

\*Weyburn Security Bank 1917 profits not published at date of writing. This bank in 1916 declared a stock bonus of five per cent. on subscribed capital (equal to nine and one-tenth per cent. on paid-up capital) in addition to the regular five per cent.

the individual banks in 1916 and 1917 were as shown herewith:

## PROFITS AND DIVIDENDS

Taking the eighteen banks so far reported, the total profits shown by them is some \$600,000 in excess of the total earned in 1916 by the whole number of banks; and if the earnings of the three banks not yet reported be estimated at the 1916 figures, the increase of earnings for 1917 would be \$1,600,000. There is also a decrease in the amount of appropriations made subsequent to the declaration of profits, for covering depreciation of assets. These appropriations in 1917 for the banks that have reported are less than \$600,000, as against a total of \$960,000 in 1916.

As regards dividends, La Banque Nationale, after the end of its fiscal year on April 30, 1917, raised its rate of distribution from eight to nine per

cent.; the Bank of British North America, which in 1916 dropped its rate from eight to six, restored the eight per cent. rate in 1917; and the Northern Crown Bank, which ceased paying dividends in 1915 and 1916, recommenced in 1917 with a rate of five per cent.

There were no bank failures in 1917; and while the absorption of the Quebec Bank by the Royal Bank of Canada went into effect in January, that transaction was arranged in the latter part of 1916 and was referred to in last year's review.

Since the aggregate resources of the banks have greatly increased—they entered 1918 with assets \$375,000,000 larger than at the beginning of 1917—and since there is strong demand, from Government and from their ordinary customers, for bank credits at good rates of interest, it appears that their

earnings in 1918 should be well maintained. Conditions now prevailing point to an increase of profits. On the other hand it should be remembered that the extremely high level of commodity prices constitutes an element of danger so far as the borrowing customers of the banks are concerned. Sudden readjustment of prices on an extensive scale might have the effect of throwing into the bad and doubtful column a considerable amount of loans and discounts now regarded as sound and healthy.

#### PRODUCTION AND TRADE

In 1917, as in 1916, the grain crops in western Canada were unsatisfactory—dry weather in parts of Manitoba and Saskatchewan led to partial failure of the crops in certain districts. In the localities most affected by the bad conditions the yields were, in many cases, less than in 1916. However, other parts of these provinces had better fortune; and in Alberta the results were generally very good indeed. Some of the large farmers in that province had an average yield of forty bushels of wheat to the acre. Needless to say, such stupendous yields, with wheat prices at around \$2 a bushel, according to distance from the basic point, meant fortunes for the farmers so circumstanced. Taking the three prairie provinces of the west, their annual yields of wheat, oats and barley from 1907 to the present time have been as shown herewith:

	Bushels. Wheat.	Bushels. Oats.	Bushels. Barley.
1907 ....	70,922,584	74,513,000	19,187,000
1908 ....	96,863,686	108,987,000	24,050,000
1909 ....	119,200,000	163,998,000	30,542,000
1910 ....	101,236,000	108,301,000	7,130,000
1911 ....	169,725,000	185,570,000	33,300,000
1912 ....	196,000,000	224,000,000	49,600,000
1913 ....	188,878,006	208,308,000	35,432,000
1914 ....	134,445,000	150,474,000	28,900,000
1915 ....	330,350,000	322,400,000	57,227,000
1916 ....	198,700,000	286,197,000	43,129,000
1917 ....	205,000,000	217,000,000	32,000,000

The large money value of the crops caused great activity at all western clearing centres. It also created an unusual demand for currency, and swelled the deposits of banks with many branches in the grain fields.

According to tables published in the annual review number of the "Monetary Times" of Toronto, the total value of the primary production in all Canada in 1917 was \$1,507,687,000, which represents an increase of \$232,000,000 as compared with 1916, and a gain of no less than \$532,000,000 as compared with 1914. The accompanying table shows how the different items compare in the three years referred to:

(Thousands omitted.)

	1914.	1916.	1917.
Field crops..	\$638,580	\$886,494	\$1,089,687
Forests .....	176,672	172,830	173,000
Mines .....	128,863	177,201	195,000
Fisheries ....	31,264	39,208	50,000
	\$975,379	\$1,275,734	\$1,507,687

Since 1908 the value of the production has more than doubled. Although this is to some extent due to high prices, it is to be remembered that the Canadian capacity to produce has been steadily enlarged.

#### MUNITIONS AND SHIPBUILDING

Apparently the munition industry lagged considerably during the second half of 1917. It revised somewhat later in the year as a result of orders placed in Canada by the United States Government. The Canadian shell-making plants are said to be in shape to take a considerable volume of American contracts should they be offered. It is said that they could give valuable assistance in expediting the preparations for supplying the new American armies; also if large American war contracts are placed in Canada, the development would help to equalize the exchange situation as affecting the two countries.

Meantime, to partly offset the prospective decline in shell-making, Canada is developing a respectable shipbuilding industry. The principal plants are located at Montreal, Toronto, Collingwood, Port Arthur, Welland, Vancouver and several other places. At present 112 large vessels are under contract, the aggregate value being \$90,000,000.

## FOREIGN TRADE

Canada's foreign trade for the calendar year 1917 amounted to \$2,550,000,000, or over \$300 per capita. This compares with a total trade of \$1,850,000,000 in 1916, and of \$850,000,000 in 1914. Therefore the foreign trade (value) has trebled in three years. The startling change in trade balance since the beginning of the war is shown herewith.

## CANADIAN TRADE

(Thousands omitted)

	Imports.	Exports.	Excess of Exports.
1917 .....	\$1,005,133	\$1,547,430	\$542,297
1916 .....	766,726	1,091,706	324,980
1915 .....	450,547	614,129	163,582
1914 .....	481,319	279,295	*102,024

\*Excess of imports.

Judged superficially, these figures point to an easy situation in foreign

exchange, but as a matter of fact the Dominion's exchange position has been difficult. Difficulty has arisen because a large part of the surplus of exports is represented by loans to Great Britain, while there has been at the same time a heavy balance on trade account with the United States to be settled in cash.

There was a slight improvement as regards immigration in 1917, doubtless as a result of the very high prices ruling for agricultural products. During the immigration season of 1916 (April to October inclusive) the immigrants numbered 46,156; and in the same season of 1917 they were 57,685. The new settlers came mostly from the United States—the number from that country being 35,750 in 1916 and 53,039 in 1917. There are expectations that American farmers in search of cheap lands will be considerably in evidence during the spring months of 1918.



## Equitable Life Assurance Society

**T**HAT the people of this country are practising a most important form of thrift appears from the last annual statement of the Equitable Life Assurance Society of the United States.

The Equitable's outstanding insurance now aggregates \$1,754,868,908. The new insurance paid for in 1917 amounted to \$251,344,000, an increase of \$41,637,000 over 1916, and the largest single year's business in the history of the society.

Payments to policyholders in 1917 totalled \$62,831,172.

The following items are from the fifty-eighth annual statement.

Assets, December 31, 1917.....	\$576,837,343
Insurance reserve	\$471,914,234
Other liabilities..	13,620,304—\$485,534,538
Surplus reserves:	
For distribution to policyholders in 1918 .....	\$16,065,192
Awaiting apportionment on deferred dividend policies .....	63,592,355
For contingencies.	11,645,258—\$ 91,302,805
	<hr/> \$576,837,343

During the year the Equitable invested \$45,889,556 at an average yield of five and twenty-four hundredths per cent.

The mortality rate in 1917 was the lowest for the last twenty-five years.

# Banking and Commercial Law

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## CASE COMMENT AND REVIEW

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### Savings Banks as Shareholders in Banks of Discount

**T**HE Savings Bank Law of Massachusetts permits savings banks to invest in bank stocks, and this form of investment has obtained in these banks for years past.

Of late, however, the savings banks have been gradually withdrawing from this form of investment, due to the double liability assumed in such cases. The case of *Korbly vs. Springfield Institution for Savings* illustrates the risk and emphasizes the dangers of this form of investment for an institution of such character.

The Pyncheon National Bank became insolvent and a receiver was appointed to liquidate its affairs. Among the assets were certain bonds of the American Writing Paper Company, of the par value of \$577,000 which had depreciated about 35 per cent. The Comptroller of the Currency levied an assessment upon the stockholders. These savings banks were among the shareholders, and it was arranged that all stockholders except the banks should purchase these bonds at 95 cents on the dollar. This purchase price was an advance of 30 cents on the dollar over the market price, and the excess payment of each shareholder equalled 82 per cent. of the assessment. These bonds were illegal for savings banks to hold, and they were permitted to pay the receiver the required advance over the market price without purchasing the bonds. For these payments the banks received no consideration other than joining with the other shareholders in discharging their liability.

The results anticipated by this set-

tlement were not realized and the Comptroller made a second assessment of \$49.00 on each share. The banks refused to pay and suit was instituted, and resulted in favor of the banks, which was affirmed by the Circuit Court of Appeals and also by the Supreme Court.

Without going into the details of the case, enough has been cited to show the danger of this form of investment for a bank of the character such as a savings institution, the three banks involved in this litigation having lost over \$50,000 as a result of the statutory liability which attended their holding of the stock. See case above stated in this issue.



### When the Savings Bank Comes Before the Court

The fundamental difference between the Bank of Discount and the Savings Bank in so far as the depositors are concerned, is not a question of great moment under ordinary conditions, but just as soon as litigation over an account begins, the relationship becomes important and the difference is then so marked that it becomes the deciding factor in the case.

The relation of a bank of discount to the depositor is that of debtor and creditor, and is governed by the general law pertaining to such a relationship; but the relationship of a savings bank to a depositor is one of pure contract. This contract is evidenced by the pass book given to each depositor, which contains the rules under which the deposit

is made. This contract, in short, stipulates that the deposit is payable on presentation of the pass book, together with the order of the depositor, or his duly accredited representative, and by the acceptance of the book he agrees that payments so made shall be binding.

The question arises: Can the bank, by subsequent amendment, alter these conditions so as to bind the depositor? It is essential that the by-laws shall make due provision for such a contingency. For instance: A certain bank, desiring to change the rules under which it receives savings accounts, amended the by-laws in accordance with the provisions of its by-laws, but through an oversight on the part of the officers who drew up the original by-laws, no provision was made for notifying the depositors by general notice, so as to bind them to any subsequent changes.

The amendment in this instance meant an increased earning power to the bank of \$3,000 per year, provided the depositors could be bound by a published notice. There being no provision for such notice, it became necessary to notify each depositor of the change before it could legally be made binding upon them, which required a large amount of work, and a long delay before the object was accomplished.

In the present number, we present a Massachusetts case covering such a point. The by-laws, as they existed when the account was opened, were changed, and this change became a pivotal point in the case. The Supreme Judicial Court of Massachusetts holds that the depositor is not bound by such a by-law until it is brought to his attention, but there can be no doubt that if in the original contract the depositor agrees to be bound by a general notice, any alteration made in accordance with such a provision would be sustained.

The case mentioned more particularly pertains to the question of wrongful payment. The courts have consistently sustained payments made upon savings bank pass books, where the forgery was so cleverly done as to deceive an ordinarily careful and competent teller. In this case, a "society account" was open-

ed, payment to be made on the order of the treasurer, president and financial secretary with seal. Subsequently, the treasurer signed a card assenting to the new by-laws of the bank, but forged the name of the other officers. He drew various sums upon forged orders, the deposit book in each instance being presented, and the court holds that in spite of the fact that the society presumably agreed that payments made on presentation of the book were binding, it was, nevertheless, liable for negligence in not discovering that the orders were forged.

The case emphasizes the necessity of extreme care in handling the accounts of societies, and proper authentication of changes in the officials authorized to draw; and also, the necessity of a complete and comprehensive set of rules properly promulgated so that as a defense, the bank may claim assent to the by-laws, which, with due care, will be its safeguard where fraud has been committed. See *Societe de Bienfaisance vs. Peoples Savings Bank*.

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## Leading Cases

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### Savings Banks as Stockholders in National Bank

U. S. SUPREME COURT

*Discretion of Comptroller of the Currency—National Banks Insolvency*

U. S. Supreme Court, Dec. 10, 1917

KORBLY VS. SPRINGFIELD INST. FOR SAVINGS

A large executive discretion is given to the Comptroller in respect to adjusting assessments made by him so that national bank shareholders may not be burdened by paying more than is necessary or at a time when the money for any reason cannot be advantageously used.

The Comptroller had power to recall a first assessment against national bank shareholders either in whole or in part, and to thereafter make a second assessment when an arrangement with shareholders failed to produce the expected result.

There being no definite expression in the record as to whether payments by national bank shareholders to receive or assist in paying the bank's indebtedness were to be applied on the shareholders' statutory liability, the Supreme Court on appeal is required to decide which contention is more reasonable and probable considering all facts and circumstances stipulated and proved.

Payments by shareholder savings banks to receiver of a national bank to aid in payment of national bank's liabilities made under a verbal arrangement and approval of the Comptroller *held* to have been made with intention that they should be applied to diminish the statutory liability of the shareholder banks, natural justice, as distinguished from a technical conclusion, requiring such construction, and since payments not to be so applied would be substantially unauthorized gifts.

Appeals by Charles A. Korbly, receiver of the Pyncheon National Bank, and the Springfield Institution for Savings and others, from judgment of the United States Circuit Court of Appeals for the First Circuit (Springfield Inst. for Savings v. Pepper, 134 C. C. A. 502, 218 Fed. 814) affirming a judgment in favor of the Springfield Institution for Savings and others. Affirmed.

#### STATEMENT OF FACT AND OPINION

Mr. Justice Clarke delivered the opinion of the Court.

These two cases are appeals from the Circuit Court of Appeals for the First Circuit, which were heard and will be decided together.

The Pyncheon National Bank of Springfield, Mass., with a capital stock of \$200,000, divided into 2,000 shares of \$100 each, became insolvent and in June, 1901, the Comptroller of the Currency appointed a receiver to liquidate its affairs.

Upon examination there were found among its assets bonds of the American Writing Paper Company, of the par value of \$577,000, which the bank had purchased at a discount, but which, at the time of the transaction we are about to consider, had so depreciated that they were worth on the market only 65 cents on the dollar.

A consideration of the condition of the bank resulted on March 18, 1902, in

an assessment by the Comptroller on the shareholders of their full statutory liability of 100 per cent., payable on the 15th day of the following May.

Thereupon a plan was devised under which it was proposed that all of the shareholders, except the three defendant savings banks, should purchase from the receiver the paper company bonds at 95 cents on the dollar, each shareholder to purchase one bond of \$1,000 for every three shares of stock owned by him. This purchase price was an advance over the market price of 30 cents on the dollar and the excess payment by each shareholder would equal 82 per cent. of the assessment which had been made by the Comptroller. Because they lacked corporate power to invest in such bonds the savings banks with the approval of the Comptroller and shareholders were to pay to the receiver the required advance over the market price without purchasing their quota of the bonds.

The Comptroller cordially approved of this proposed purchase, and in a letter to the board of directors of the insolvent bank, the contents of which were intended to be and were communicated to its shareholders while the plan was under consideration, he stated that it would result in a settlement of the affairs of the bank highly satisfactory for all interests concerned, and that he was satisfied that if such sale of the bonds were made the receiver would be able to promptly pay all of the creditors in full, but that if the plan failed and it became necessary to sell the bonds on the market there would be no escape from an assessment of 100 per cent. against the shareholders.

This proposed settlement was approved by all of the shareholders, and the defendant banks made payment to the receiver as follows: The Springfield Institution for Savings, \$30,360.17; the Springfield Five Cents Savings Bank, \$9,820; and the Hampden Savings Bank, \$5,319.16. For these payments the banks did not receive any consideration other than the joining of the other shareholders in the plan, together with the anticipated saving of 18 per cent. of the assessment which

the Comptroller had made against them. The bonds allotted the banks were sold at the market price.

After the completion of this bond transaction, the receiver, under instructions from the Comptroller, on July 22, 1902, wrote to the shareholders as follows:

"Large amounts of securities sold make it probable that the payment of the assessment will not be required. The Comptroller has accordingly decided to withdraw this assessment and I have been instructed to suspend any action to enforce its payment. This withdrawal is made, however, without prejudice to the right of the Comptroller to levy and collect any assessment or assessments that may hereafter be necessary."

The results anticipated from this action on the part of the shareholders were not realized, and in order to satisfy the still unpaid debts of the bank and interest and costs of administration, the Comptroller on December 28, 1906, made a second assessment of \$49 on each share of stock. The banks refusing to pay this second assessment, this suit was instituted against them in the District Court, and resulted in a holding in favor of the defendants, which was affirmed by the Circuit Court of Appeals in the decision which is now under review.

It will be necessary to consider but two questions, viz.: (1) Was the second assessment invalid because the Comptroller did not withdraw and had no legal authority to withdraw the first assessment? and (2) was it the understanding that the payments made by the savings banks should be applied on the assessment for their statutory liability, so that they remained liable for only 18 per cent. additional?

From the earliest days of the administration of the National Banking Act to this case attempts have been made in many forms to give to it a technical construction which would so restrict the power of the Comptroller as to greatly delay and impede the settlement of the affairs of insolvent banks. But this court has uniformly declined to narrow the act by construction and

has placed a liberal interpretation upon its provisions to promote its plain purpose of expeditiously and justly winding up the affairs and paying the debts of such unfortunate institutions. *Studebaker v. Perry*, 184 U. S. 258; *Kennedy v. Gibson*, 8 Wall. 498; *United States v. Knox*, 102 U. S. 422; *Bushnell v. Leland*, 164 U. S. 684, and *Bowden v. Johnson*, 107 U. S. 251. There is nothing in the act to prevent the Comptroller from withdrawing an assessment before it is paid, or when it is partly paid, if it should be concluded that further payment is not necessary, and no form is prescribed in which such action shall be taken by him. A large executive discretion is given to the Comptroller in this respect to adjust the assessments made to the exigencies of each case, so that the shareholders may not be burdened by paying more than is necessary or at a time when the money for any reason cannot be advantageously used. The wisdom of giving such large discretion to the Comptroller finds excellent illustration in the case before us. All persons interested in this bond transaction were convinced in July, 1902, that further payment than that which had been made would not be needed, and a construction should not be given to the act, its specific terms not requiring it, which would prevent such action as was taken by the Comptroller in withdrawing for the time being the unpaid portion of the first assessment. We conclude that the claim that the Comptroller did not have power to recall the first assessment in whole or in part is unsound in principle and wholly unsupported by the terms of the act or by court decisions.

The remaining question is: Was it the understanding that the payments to the receiver should be applied upon the statutory liability of the savings banks for which assessment, then in full force, had been made by the Comptroller?

The case was tried in large part upon a stipulation as to the facts, which contains the following:

"Inasmuch as it was ultra vires of savings banks under the statutes of the

commonwealth, as the receiver and comptroller at the time well knew, to purchase such bonds as an investment, it was arranged with the knowledge and approval of the comptroller and the receiver that the savings banks in question, instead of purchasing their proportion of the bonds, should pay the difference between their market value and what the national bank paid for them."

And also this:

The checks of the banks were received "without any agreement on the part of the Comptroller or receiver that the payments thereby made should in whole or in part discharge the liability of the savings banks for or on account of the indebtedness of the national bank and any stock assessments, excepting so far if at all, as such agreement or obligation may be lawfully implied from the facts stated in this stipulation and such evidence as may be introduced."

It is argued for the receiver that if it had been understood or intended that the payments by the banks should be credited on the outstanding assessment this would very certainly have found written expression, if not elsewhere, in the receipts given and received for the payments.

It is notable that, although this bond purchase involved more than half a million dollars, the terms and purposes of it were not expressed in any writing, either between the shareholders themselves or between the receiver and the shareholders, which indicates that the transaction, while large, seemed simple to the men of affairs engaged in it, and that to their minds, at least, the implication from the payments to be made could not be doubtful. The shareholders who purchased the bonds had the prospect—how valuable it was the record does not indicate, but still a prospect—of recouping their losses through a later increase in the market value of the bonds, but the savings banks had no such prospect, because, not having legal authority to make such purchase, their payment of what equaled 82 per cent. of the assessment against

them was a naked payment, without chance of reimbursement, in whole or in part, from any source.

The evidence introduced in addition to the stipulation of facts is slight, consisting of contemporaneous entries in the corporation record and account books of the banks, and the indorsement on the checks by which payment was made. This evidence is not conclusive, but the implications from it, such as they are, are favorable to the contention of the banks.

Since no clearly definite expression is found in the record either that these payments were or were not to be applied on the shareholding liability of the savings banks, we are required to decide which contention of the parties is the more reasonable and probable, having regard to all the facts and circumstances, stipulated and proved in the case.

There being no evidence to the contrary, we must adopt the assumption of ordinary life and of law that the trustees for the savings banks acted lawfully, within the limits of their powers, and we must also have regard to the long-settled rule of law that where neither the debtor nor the creditor has applied payments before controversy has arisen, the courts will make application of them in a manner to accomplish the ends of justice. *United States v. Kirkpatrick*, 9 Wheat. 720; *National Bank v. Mechanics' Bank*, 94 U. S. 437. When to this we add that natural justice, as distinguished from a technical conclusion, requires that the savings banks be allowed credit for the payments that they have made, since thereby the creditors of the insolvent bank may get the benefit of the full statutory liability of the shareholders without a new and unanticipated obligation being imposed on the stockholding banks, we are compelled to resolve any doubt in which the record might otherwise leave us in favor of the defendants. It is impossible for us to conclude that the officials of these savings banks, trustees as they were for their depositors and stockholders, and having in mind the limitations on their powers, as the stipulation declares that

they and the receiver did have, should have made these considerable payments in such a manner as not to at all diminish the statutory liability of their banks, especially since payments not made to be applied on the assessment would be substantially unauthorized gifts, for, as we have said, the banks had no prospect, as the other stockholders had, of being reimbursed for such payments by the possible rise in the market value of the bonds.

It results that the decree of the Circuit Court of Appeals must be affirmed, but not on the ground stated in the opinion of that court, and that the second assessment must be held void because excessive. This, however, without prejudice to the making of another assessment by the Comptroller upon the shareholding banks for the difference, if needed, between the amount paid and the amount of an assessment for the full statutory liability.

Affirmed. 38 Sup. Ct. Rep. 88.



## Savings Banks

### MASSACHUSETTS

#### *Wrongful Payment—Contract of Bank and Depositor—By-Laws—Forgery*

Supreme Judicial Court of Massachusetts,  
Nov. 30, 1917

SOCIÉTÉ DE BIENFAISANCE ST. JEAN, ETC., VS.  
PEOPLES SAVINGS BANK

SAME VS. WORCESTER CO. INST. FOR SAVINGS

The rights of a savings bank and its depositor, apart from the bank's equitable defenses that the depositor's treasurer drew money on forged orders, depend on the terms of the contract when the account was opened.

A savings bank depositor's written assent by its treasurer at the time of deposit "to all the regulations of the institution" did not read into the contract the by-law subsequently enacted that when a deposit book has been lost or destroyed immediate notice should be given, and that the bank would not be responsible for loss sustained when the depositor has not given notice of theft or loss of his book; if payment was made on its presentation, of which by-law the depositor had no knowledge.

Independently of a savings bank's negligence, it was responsible to a depositor for payments made on the forged orders of the depositor's treasurer, even if when payments were made the deposit book was presented.

A depositor in a savings bank which had no knowledge of a by-law of the bank made after the deposit contract was not bound by such by-law, and the original deposit contract remained unaffected thereby.

(117 N. E. Rep.)

Actions by the Société De Bienfaisance St. Jean Baptiste De Millbury against the People's Savings Bank and against the Worcester County Institution for Savings. There were findings for plaintiff, and plaintiff and defendants except. Exceptions of each party overruled.

### STATEMENT OF FACT AND OPINION

This is an action of contract for the recovery of a deposit and dividends. The pleadings are made a part of this bill of exceptions.

It was tried before the court without a jury, together with a case brought by the plaintiff against the Worcester County Institution for Savings.

The court made the following finding of facts:

The treasurer of the plaintiff opened an account with the defendant bank in the name of the plaintiff on July 6, 1898, by depositing the sum of \$1,000. He subscribed to the by-laws of the defendant and gave the defendant instructions that payments be made to the treasurer of the plaintiff on order signed by the president and financial secretary and witnessed by the recording secretary under seal.

In 1902 Joseph Bazinett became treasurer of the society. On November 21, 1912, Bazinett signed and delivered to the defendant a card assenting to the present by-laws of the defendant. On this card Bazinett forged the names of the president, financial secretary and recording secretary. Bazinett drew money from the account in the defendant's bank as follows:

1912, November 6, \$300 by check to the Millbury National Bank.

1913, April 4, \$200 by check to the order of the plaintiff.

May 9, \$200 by check to Millbury National Bank.

July 9, \$200 in cash.

November 7, \$200 in cash.

December 17, \$200 in cash.

1914, Feb. 5, \$200 in cash.

April 27, \$200 in cash.

July 15, \$20 in cash.

The sums were all drawn upon orders purporting to be signed by the president, the financial secretary and recording secretary and treasurer. All of these names were forged by Joseph Bazinett, the treasurer, except his own. The orders were all stamped with the seal of the society. The deposit book was presented to the bank when each sum was drawn and the amount was deducted from the account.

All of the foregoing sums, except the \$200 drawn on November 7, 1913, were deposited to the credit of the plaintiff in the Millbury National Bank, and were used for the payment of sick benefits and other legal obligations of the plaintiff.

Bazinett embezzled from the plaintiff money which he collected from members and their income of the society to an amount at least equal to the sums which he withdrew from the defendant bank. The sums thus collected and embezzled were not deposited to the credit of the society. By using the money withdrawn from the defendant bank to pay the obligations of the plaintiff, Bazinett was enabled to postpone the time when his embezzlements would be discovered.

The sum of \$200 collected by Bazinett on November 9, 1913, was never deposited to the credit of the plaintiff, but was misappropriated by Bazinett.

The court finds that the defendant was negligent in not discovering that the orders were forged before it honored them.

Auditors were appointed by the plaintiff to examine the accounts of the treasurer. They made these examinations sometimes semi-annually and sometimes quarterly. These auditors did not discover that Bazinett was misap-

propriating money or drawing money from the defendant bank on forged orders until after July 15, 1914. If these auditors had made a reasonably careful examination of the treasurer's accounts, and had made an investigation to determine the amount on deposit in the defendant bank, they would have discovered at each examination after November 6, 1912, that the treasurer was withdrawing money without authority.

Brale, J. The rights of the parties apart from their equitable defence depends on the terms of the contracts shown by the record, when the accounts were opened. *Wall vs. Provident Institution for Savings*, 6 Allen, 320; *Wallace vs. Lowell Institution for Savings*, 7 Gray, 134, 137; *White vs. Franklin Bank*, 22 Pick. 181; *Heath vs. New Bedford Safe Deposit & Trust Co.*, 184 Mass. 481, 483, 69 N. E. 215. In the first case it is unnecessary to decide whether the bank would have been exonerated if article 1 of the by-laws had been inserted in the contract, that:

"When any money is withdrawn, the book given to the depositor must be brought to the bank to have the amount entered therein. If the book has been lost or destroyed, written notice must be given to the treasurer, and if the loss shall be proved to the satisfaction of the board of investment, they may direct the account to be paid without the book; but the institution will not be responsible for loss sustained if payment is made on presentation of the book with a spurious order, if such notice has not been given and received."—for the by-law as printed in the deposit book reads:

"When a book is lost, the owner thereof must give immediate notice to the treasurer; otherwise the institution will not be responsible if the money should be paid upon a forged order accompanied by the book."

See *Goldrick vs. Bristol County Savings Bank*, 123 Mass. 320; *Donlan vs. Provident Institution for Savings*, 127 Mass. 184.

Nor did the plaintiff's written assent by its treasurer at the time of deposit,

"to all the regulations of the institution," read into the contract the by-law subsequently enacted, that "When a deposit book has been lost or destroyed, immediate written notice should be given to the treasurer. As the officers of the institution may be unable to identify every depositor, the corporation will not be responsible for loss sustained, when a depositor has not given notice in writing of his book having been stolen or lost, if payment be made in whole or in part on account of such book on presentation. In all cases, a payment upon presentation of a deposit book shall be a full and complete discharge to the corporation for the amount so paid," of which the plaintiff had no knowledge. *Kimins vs. Boston Five Cents Savings Bank*, 141 Mass. 38; *Hudson vs. Roxbury Institution for Savings*, 176 Mass. 522. It is plain that independently of the finding that the defendant had been negligent, the bank is responsible for the payments made on the forged orders of the plaintiff's treasurer, even if when the payments were made the deposit book was presented. *Jochumsen vs. Suffolk Savings Bank*, 3 Allen, 87; *Kingsley vs. Whitman Savings Bank*, 182 Mass. 252.

What has been said also disposes of the defence urged in the second case, where the contract and deposit were made July 6, 1898, and the by-law, that "Any payment made to any person who presents a deposit book of this bank, or who shall present an order for the payment of money accompanied with such deposit book purporting to have been signed by the person to whom such book belongs, shall be deemed to be for the bank as good and effectual a payment as that made to the owner of such deposit book," was passed on April 26, 1902, by which the plaintiff, who had no knowledge of it was not bound, and the original contract remained unaffected.

It is further contended, that the plaintiffs are estopped by their negligent failure to discover the treasurer's speculations. Doubtless the plaintiffs are charged with knowledge of the entries in their books of account. *Allen vs. Puritan Trust Co.*, 211 Mass. 409. The

plaintiff's auditors however, who either semiannually or quarterly examined the treasurer's accounts, did not discover that the treasurer was misappropriating the funds, or obtaining money from the defendants on forged orders until after July 15, 1914, although if they "had made a reasonably careful examination of the treasurer's accounts and had made an investigation to determine the amount of deposit in the defendant bank they would have discovered at each examination after November 6, 1912, that the treasurer was withdrawing money without authority." But the judge found generally for the plaintiff. The remissness of the auditors is not evidence of the plaintiff's participation in the treasurer's fraud, and as matter of law it furnishes no justification to the defendants to deprive the plaintiffs of their property through honoring forged orders. *Atlantic Mills vs. Indian Orchard Mills*, 147 Mass. 268. But if the defences of payment and of estoppel fall away, the defendants also severally answered that it would be inequitable to permit the plaintiff to recover, and that they should be absolutely and unconditionally relieved from the respective claims. R. L. c. 173, section 28. And no question having been raised as to whether an equitable defence had been properly pleaded, the presiding judge ruled that the plaintiff's demands should be reduced proportionally, to which rulings the plaintiffs excepted. The forged orders on both banks aggregated \$3,375, of which the defaulting treasurer used or appropriated \$250, the remaining \$3,125 was deposited by him in the plaintiff's name and to its credit in the Millbury National Bank. The judge found and ruled that of the total amount the plaintiff could recover only \$250. The method by which the embezzlement was accomplished is described as follows:

"Bazinett embezzled from the plaintiff money which he collected from members, and other income of the society to an amount at least equal to the sum which he withdrew from the defendant bank. The sums thus collected and embezzled were not deposited to the credit of the society. By using the

money withdrawn from the defendant bank to pay the obligations of the plaintiff, Bazinett was enabled to postpone the time when his embezzlements would be discovered."

It was decided in *Barton vs. Radclyffe*, 149 Mass. 275, that to maintain an equitable defence under the statute, "such a defence must be one within the rules and principles of equity jurisprudence." While in the beginning the treasurer alone knew of the transactions, the defendants upon discovery of the fraud could have maintained an action to recover back the money from the plaintiff, who constructively if not actually came into possession when the deposits were made in the national bank in its name from which from time to time sick benefits and other legal obligations of the plaintiff were satisfied. *Atlantic Cotton Mills vs. Indian Orchard Mills*, 147 Mass. 268; *Foote vs. Cotting*, 195 Mass. 55. Accordingly the money of the defendants to the extent shown by the record not only has gone in satisfaction of the plaintiff's legitimate pecuniary obligations, but upon its discovery of the source from which the funds had been obtained no offer of restitution ever was made. Or if otherwise put, the defendants under the contracts owe the amount of the deposits with interest. But the plaintiff has already received and appropriated to its own use moneys of the defendants nearly equal to the deposits. It is unnecessary to determine whether the defendants could have pleaded in set-off for money had and received. See *Foote vs. Cotting*, 195 Mass. 55.

The plaintiff did not demur to the equitable defence, that the remedy at law was plain and adequate, and it is plain that the defendants could have maintained a bill for an accounting in which relief could have been given by a money decree. *Newell vs. Hadley*, 206 Mass. 335; *Bremer vs. Williams*, 210 Mass. 256. The defendants therefore can avail themselves of this defence under which a double amercement is averted with full satisfaction of the plaintiff's contractual demands. We have examined all of the alleged errors, and finding no grounds for reversal the

exceptions of each party should be overruled.

So ordered. (117 N. E. Rep. 921.)



## Misapplication of Funds

WISCONSIN

### *Guardianship—Payment of Deposits in Fiduciary Account—Conversion*

Supreme Court, Wisconsin, Dec. 4, 1917

BROVAN VS. KYLE, ET AL.

Where a guardian presented for deposit to his individual account a check payable to himself as guardian and indorsed by him as such, receiving credit for the amount, and being individually indebted to the bank on a note secured by collateral of equal value, drew a check payable to the bank and received his note and collateral, and an action was brought against the surety on the guardian's bond, the surety, on filing an affidavit for bringing in the bank, was entitled to an order therefor under St. 1915, section 2610, providing that a defendant who shows by affidavit that if he be liable in the action he will have a right of action against a third person not a party for the amount of the recovery against him may, upon due notice to such person and to the opposing party, apply to the court for an order making such third person a party defendant.

(165 N. W. Rep.)

Action by Blanche Lucille Brovan against John Kyle and others. From the judgment rendered, defendant named appeals. Reversed as to defendant bank only, and remanded, with directions.

### STATEMENT OF FACT AND OPINION

Action against the sureties upon a guardian's bond. One Carroll Lucas was appointed guardian of the estate of plaintiff, and John Kyle and George Kyle signed his bond as sureties. Lucas died insolvent and indebted to the estate of his ward in the sum of \$719.97, with interest thereon at six per cent. from January 1, 1912. George Kyle was also dead, and one E. J. Bates the administrator of his estate was

made a party defendant. The defendant John Kyle petitioned the court, pursuant to the provisions of section 2610, Stats. 1915, to make the Bank of Menomonie a defendant on the ground that if plaintiff recovered the bank would be liable to him for the amount of such recovery or a substantial part thereof. The court granted the petition. The trial resulted in a judgment in favor of plaintiff for \$719.97 and costs against the defendants John Kyle and E. J. Bates as administrator of the estate of George Kyle, and in a dismissal upon the merits with costs as against the Bank of Menomonie. From such a judgment the defendant John Kyle appealed.

Vinje, J. (after stating the facts as above). For some years prior to March 20, 1911, Carroll Lucas had kept an individual deposit account with the Bank of Menomonie, which on the date mentioned amounted to \$6.80. He that day presented to the cashier of the bank a check for deposit to his individual account for \$1,250 payable to Carroll Lucas, guardian, and indorsed, Carroll Lucas, guardian. The cashier took note of the fact that Carroll Lucas, guardian, was the payee, and of the form of the indorsement and credited the amount of the check, afterwards collected by the bank, to Lucas' individual account. The check in fact belonged to Lucas' ward, the plaintiff herein. Lucas was indebted to the bank in the sum of \$700 on a note secured by collateral of equal amount and value. He drew a check for \$850 payable to the bank, and received his note and collateral and \$150 in cash. The check for \$850 was charged to his individual account. These transactions all took place with the cashier of the bank on the same day and immediately after the deposit of the \$1,250 check. It was claimed by the appellant in his affidavit for bringing in the defendant bank that if he was liable the bank would be liable to him. Upon such a showing there was no abuse of discretion in joining the bank as a defendant in the action. Section 2610, Stats. 1915, expressly provides for just such a situation. So far as applicable to this case it reads:

"A defendant who shows by affidavit that if he be held liable in the action he will have a right of action against a third person not a party to the action for the amount of the recovery against him, may, upon due notice to such person and to the opposing party, apply to the court for an order making such third person a party defendant in order that the rights of all parties may be finally settled in one action, and the court may in his discretion make such order."

No argument is needed to show the application of the section to the facts in this case. The court properly granted the order making the bank a party defendant; for a surety on a guardian's bond, if held liable thereon, is pro tanto subrogated to the rights of his ward and may follow the property of the ward's estate into whomsoever hands it has wrongfully come. *Boyle vs. Northwestern Nat. Bank of Superior*, 125 Wis. 498.

The trial court found that the bank acted in good faith and lawfully received payment of Lucas' debt to it from the proceeds of the check. That the cashier believed the bank had the right to receive payment from the trust fund and was guilty of no intentional fraud may be admitted so far as this particular transaction is concerned. But that does not reach the real question at issue, namely, Ought not the bank from the evidence before it to be held as a matter of law to have had notice of the trust character of the fund and that it could not lawfully receive payment of Lucas' debt out of it?

The word guardian is a well-understood word of common speech, and implies to the average lay mind that a fund held in the capacity of a guardian does not belong to the guardian but to the ward. We speak here of the equitable ownership, not of the technical legal title. The former alone is of importance in this case. But even the legal title to the fund represented by the check was in the ward and not in the guardian, and upon the death of the ward title thereto passes to his legal representative when appointed. *Glasspoole vs. McGuine*, 143 Wis. 294; *Rolins vs. Marsh*, 128 Mass. 116. The

guardian holds the estate of his ward only in a trust capacity. *Person et al. vs. Merrick*, 5 Wis. 231; *Abrams vs. United States Fidelity & G. Co.*, 127 Wis. 579. The cashier, therefore, when a check was presented to him for payment to Lucas, guardian, was chargeable with knowledge of the fact that Lucas held the fund thereby represented in a trust capacity only, and that such fund belonged to Lucas' ward. The fact that the cashier did not know who the ward was is immaterial. Being charged with knowledge of the trust character of the fund the bank could not lawfully receive any portion thereof in payment of the personal obligation of Lucas to it. *Boyle vs. Northwestern Nat. Bank of Superior*, 125 Wis. 498; *Allen vs. Puritan Trust Co.*, 211 Mass. 409. Nor did the fact that the check was deposited to the personal account of Lucas change the trust character of the fund. *Boyle vs. Northwestern Nat. Bank of Superior*, 125 Wis. 498.

Some courts have gone so far as to hold that if a bank permits trust funds to be deposited to the individual credit of the trustee the bank is liable if a loss ensues, even though the bank does not receive any portion of the money so deposited. *Duckett vs. National Mechanics' Bank*, 86 Md. 400. It is not necessary to pass upon that situation here, and we express no opinion as to the soundness of such a rule. In this case the bank profited by a known conversion of the trust fund and so it placed itself squarely within the principle that any one who profits by the known conversion of a trust fund must make restitution to the owners of the fund to the extent of such profit if a loss equal or greater thereto results from the conversion.

Some claim is made that when Lucas paid the bank the \$700 he bought from it for plaintiff's estate the collateral deposited to secure his note, and therefore there was no conversion of the trust fund. The statement of the claim is a

sufficient negation thereof. So, too, the argument that plaintiff was not obliged to look to the proceeds of this check because her estate had been converted into this fund in contravention of the duties of a former guardian is not well founded. Even if she was not obliged to follow it, she could elect to do so. *Martin vs. Davis*, 80 Wis. 376. And she has done so. The defendant bank is in no position to challenge such right of election. The bank received \$700 from Lucas, as guardian, on March 20, 1911. The default of Lucas was \$719.97 with interest from January 1, 1912, at six per cent. Interest on \$700 from March 20, 1911, to January 1, 1912, at six per cent; would amount to more than \$719.97. Plaintiff is therefore entitled to judgment against the Bank of Menomonie in the full amount of the loss to her estate, namely, \$719.97, with interest thereon from January 1, 1912, at six per cent.

Judgment reversed as to the defendant the Bank of Menomonie only, and the cause remanded with directions to enter judgment in favor of plaintiff against said defendant bank in the sum of \$719.97, with interest thereon from January 1, 1912, at six per cent. per annum, and costs; with costs in this court in favor of the appellant John Kyle against said defendant Bank of Menomonie.

(165 N. W. Rep. 382.)



## Usury

### ALABAMA

Where money is advanced by a bank, and the transaction is in substance a loan, though in form a discount of securities, and the amount taken out for the use of the money is in excess of the legal rate of interest, the transaction is usurious under Code 1907, section 4624.

# How Bankers Are Doing Their Bit

## BANK OF ITALY

**F**ROM "Bankitaly Life" we borrow the cut of the Bank of Italy boys in the service and clip the following from this well-known bank publication:

Do they look as though they had ever counted cash in a teller's cage, pulled adding machine handles, figured interest, posted ledgers, or played baseball with the winning team?

Can you imagine the change from bank-thought to war-thought? From Tadech's lunch counter to the mess tent? From the old routine to the new?

We boys and girls who are still at our various duties in the bank can well reflect what it means to be in training to go Over There and Over the Top when the call comes.

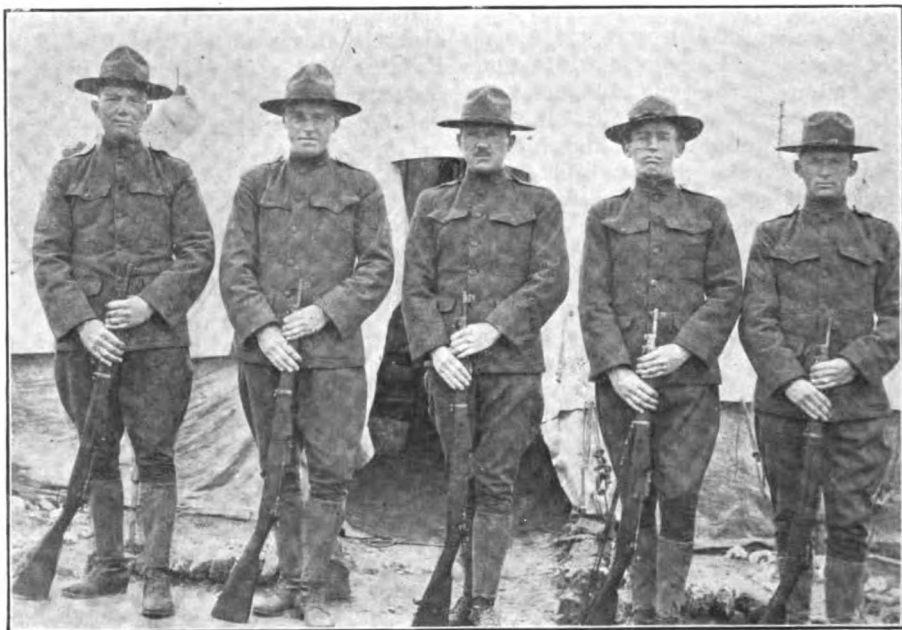
And every one of our boys in khaki—those whose pictures are not yet at hand nor forgotten—has our respect, admiration and love for the sacrifice already made, and for the bravery already shown in their re-

sponse to the call of duty—for their country.

## NEW YORK BANKERS IN THE WAR

Major Grayson, M. P. Murphy, who was formerly connected with the Guaranty Trust Co. of New York as vice-president, has reported to General Pershing for duty with the American Expeditionary Forces in France.

Major Charles Edward Warren, president of the Lincoln National Bank of New York, who has been serving on Major General Crozier's staff at Washington, has been promoted to the rank of lieutenant colonel, national army, and assigned to the staff of Colonel McRoberts, an executive vice-president of the National City Bank of New York, in charge of the Ordnance Procurement Division. Colonel Warren has served



Five Bank of Italy Boys now in the Service

as an officer of the 7th and 12th Infantry Regiments of the New York National Guard, and during the Spanish-American war was an inspector of the New York city brigade. Since then he has served on the staffs of several national guard generals.

J. Stanley Foster, president of the Bowery Bank, has obtained a commission as captain in the Aviation Corps, and is now the executive officer in charge of the aviation training camp at Waco, Tex.

#### LONDON AND RIVER PLATE BANK

The total number of men from the staff of this bank who in December had joined the colors since August, 1914, was 125, of whom twenty-five had been killed in action, one had been accidentally killed, one had died of wounds, one was a prisoner of war in Germany, and twenty-two had been wounded.

Two have gained the Military Cross, viz.: James Dey, captain, Seaforth Highlanders, of Buenos Aires branch staff, and F. F. Ryan, captain, 1st King's Liverpool Regiment, of Monte Video branch staff. The latter has since been killed in action.

#### 664 MEN IN THE SERVICE

From the Bank of New South Wales, Sydney, comes a Roll of Honor, showing at the date of issue 664 members of the bank staff, out of 2,000 of all ages, in active service in the war. Of these, eighty men have given up their lives in the service of the Empire in Egypt, Gallipoli and France; fourteen have gained military distinction and many others have been Mentioned in Dispatches and promoted on the field.

The bank makes up to the officer whatever his military pay falls short of his bank salary and officers who have returned unfit for further military service resume their duties and status if able to do so; otherwise their cases are considered for pension and relief.

Where necessary, artificial limbs are provided for officers injured in active service and dependents of officers killed in service are assisted.

To fill the places of those who are at the war, the bank has taken on about 150 girls and 400 boys.

#### BANK GIVES ITS ENTIRE NET EARNINGS TO RED CROSS DURING THE WAR

The high sense of patriotism which animates the banks of the country finds appropriate expression in the action of the board of directors of the Sumner (Mo.) Exchange Bank, who unanimously passed the following resolution:

Whereas, our country is now engaged in a great war with the German Empire, in which the very life of our Republic is menaced. Involved in that war is the momentous issue of whether American Liberty shall endure, and whether American rights upon the high seas shall be respected. Also is involved the issue of whether Democracy or Autocracy shall rule the world. In this great crisis through which our country is passing, it becomes the first and highest duty of every man and woman and every bank and every other institution of every kind to subordinate all personal and financial considerations of gain or profit to the cause of our country, and manifest, with acts, deeds and money, our patriotism to our government; and whereas, the Red Cross Society of America is caring for the sick and wounded of our armies, and in performing this noble and humane work it needs all the financial assistance it is possible to obtain, and which makes it the imperative and patriotic duty of citizens, banks and financial institutions to see that it is provided with necessary funds.

It is therefore resolved by the board of directors of the Sumner Exchange Bank, of Sumner, Chariton county, Missouri, the stockholders concurring therein, that, for the purpose of aiding in some measure the Red Cross Society in carrying out its humane work of relieving and caring for the wounded and suffering of our armies, said bank, beginning on the first day of January, 1918, will pay three per cent. per annum on the average monthly balance of checking deposits carried in said bank, which sum thus derived shall, on the first day of each month, beginning February first, 1918, be placed in said bank to the credit of said Red Cross Society of Sumner and Forker, Missouri, until the end of said bank's fiscal year, which will be September first, 1918, and at the beginning of each fiscal year thereafter to the end of the war, said bank will announce what per cent. it will pay on said checking

deposits for that year, and will continue each year to make said payments until the end of the war.

Resolved further, that, in addition to co-operating with government in all of its war measures, it is the sense of the board of directors of said bank that during the con-

tinuance of the war said bank will declare and pay no dividends to its stockholders, but that all net earnings of said bank, except such sum as may be necessary for local charities, shall be paid to the Red Cross Society or otherwise used to aid in carrying the war to a victorious conclusion.



The Pacifist and the Income Tax

—From the *New York World*

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

### A

Adams, F. R., Will County National Bank, Joliet, Ill.  
American National Bank, Richmond, Va.  
American Savings Bank, Springfield, Mo.  
Ansley, D., c/o Central Trust Co., San Antonio, Tex.  
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

### B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.  
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.  
Bankers Magazine, The, New York.  
Bauder, Ray E., cashier, First National Bank, Taylorville, Ill.  
Baughner, E. M., president, The Home Building Association Co., Newark, O.  
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.  
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.  
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.  
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.  
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.  
Brown, K. A., assistant cashier, Citizens National Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-president, Penn. National Bank, Chester, Pa.  
Burwell, Stephen L., vice-president, First National Bank, Jackson, Miss.

### C

Citizens National Bank, Oconto, Wis.  
Copp, R. Reed, assistant advertising manager, National City Bank, New York City.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.  
Currey, Bradley, c/o Fourth and First National Bank, Nashville, Tenn.

### D

Davenport, C. M., manager new business department, Bank of Italy, Los Angeles, Cal.  
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.  
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.  
Dexter Horton National Bank, Seattle, Wash.

Durham, T. R., assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.  
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

### E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.  
Ekirch, A. A., secretary, North Side Savings Bank, New York City.  
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

### F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.  
First National Bank, Lead, S. D.  
Frieden, Ben W., 334 Davidson Building, Sioux City, Iowa.

### G

Groves, J. W., advertising manager, Northwestern National Bank, Minneapolis, Minn.

### H

Hamsher, C. F., cashier First National Bank, Los Gatos, Cal.  
Harper, W. A., Lumberman's National Bank, Houston, Tex.  
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.  
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.  
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.  
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.  
Hokanson, N. M., State Bank of Chicago, Chicago, Ill.

### J

Jarvis, Charles D., c/o Savings Bank of Utica, Utica, N. Y.  
Jenkins, W. L., Farmers and Mechanics Trust Co., West Chester, Pa.  
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1304 E. 63rd Street, Chicago, Ill.  
Jones, W. P., assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

### K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.  
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.  
 Keyton, Grover, manager advertising department, Capital National Bank, Montgomery, Ala.  
 Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

## L

Lanier, B. W., First National Bank, Lakeland, Fla.  
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

## M

McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., Park Trust Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.  
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.  
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.  
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.  
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.  
 Moser, B. W., assistant cashier, St. Louis Union Bank, St. Louis, Mo.  
 Muirhead, G. C., vice-president, The Stock Growers State Bank, Worland, Wyo.  
 Murray, W. P., cashier, Bank of San Rafael, San Rafael, Cal.

## N

Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.  
 Norton, W. W., treasurer, Robbins Burrall Trust Co., Lakeville, Conn.

## O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Peole, John, president, Federal National Bank, Washington, D. C.  
 Potter, A. E., president, Broadway National Bank, Nashville Tenn.  
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

## R

Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.  
 Russell, W. W., cashier, First National Bank, White River Junction, Vt.

## S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.  
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.  
 Shepherd, George W., c/o International Trust Co., Boston, Mass.  
 Shoven, A. M., cashier Kankakee County Trust and Savings Bank, Kankakee, Ill.  
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.  
 Smith, T. K., Jr., manager, Gimbel Brothers, bankers, New York City.  
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.  
 Stewart, F. E., 1505 Jefferson St., Toledo, O.  
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.  
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

## T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

## V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.  
 Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

## W

Wadden, John W., president Lake County Bank, Madison, S. D.  
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.  
 Wilson, C. C., cashier, Continental and Commercial Trust and Savings Bank, Chicago, Ill.  
 Withers, K. K., publicity manager, County Savings Bank, Scranton, Pa.

## Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.  
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

## NEW NAMES

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.  
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.



# Co-operative Bond Distribution Plan of the Equitable Trust Company, New York

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MORRIS K. PARKER

Vice-President Equitable Trust Company, New York

The plan of coöperative distribution of securities, described below, was largely developed by Morris K. Parker, vice-president of the Equitable Trust Company of New York.

Mr. Parker is the executive head of the company's bond distributing branch, and has in this capacity demonstrated his ability to deal with investment matters requiring thorough knowledge and experience.

As a partner in the investment house of N. W. Halsey & Co., with which organization he served for fourteen years, he gained that practical insight of the security market which equipped him fully for the duties of his present position. He left Messrs. Halsey & Co. to become an officer of the Equitable Trust Company.

Mr. Parker has been instrumental in inaugurating a movement for the coöperative distribution of securities which promises to mark an epoch in the investment history of the country, and to confer upon him exceptional distinction for constructive work.

TO meet the changed conditions in the investment market, a plan of coöperative bond distribution has been devised and put into effect by the Equitable Trust Company of New York. From the outset the plan met with the approval of a great many investment houses as well as banks and trust companies having bond departments, and this method of distributing securities is already in use by some two hundred institutions in various parts of the country.

## OUTLINE OF THE PLAN

On the score of economy, the plan must recommend itself, for it provides for the elimination of a great deal of the local machinery now necessary in the distribution of securities, furnishing service to local dealers and banks through a central organization. It thus greatly reduces overhead charges, and at the same time broadens the investment market by affording a standardized service.

In detail some of the features of the plan are:

Selected lists of carefully investigated and well diversified bonds, short-term notes and acceptances are forwarded weekly to each participant in the plan. These lists are constantly revised as to price fluctuations, withdrawals and new acquisitions.

Each participant is furnished with a loose-leaf binder containing detailed descriptions of a carefully selected and well diversified list of securities, together with latest earnings and all other important and relevant information. Dealers are enabled through this feature of the service to constantly post their customers and advise them regarding important developments concerning any of their investments.

Information regarding any security not on the list which members wish to purchase or sell in the New York market may be obtained immediately. The Equitable Trust Company has a knowledge of the security market enabling participants in the plan to buy or sell specific securities to advantage. The company's trading department, statistical bureau, and publicity department are always at the immediate service of each member of the coöperative plan.

Participants share equally with the Equitable Trust Company of New York the profits accruing from the operation of the plan. Members who are utilizing the service find that their sales are steadily increasing in volume and that their average profits are much larger than formerly.

It is the intention to advertise the plan nationally and along lines beneficial to each participant. The details of the plan will be placed in the hands of each member of the group and arrangements made to achieve the maximum benefit from the campaign.

Local advertising campaigns will also be prepared for participants, enabling them to cultivate their local fields intensively.

The national advertising plan will aim especially to interest small investors, whose numbers have increased from thousands to millions as a result of the Liberty Loan campaigns. These campaigns have demonstrated the enormous investment purchasing power of the country, and it is certain that large numbers of those who have bought Liberty Bonds, thus becoming investors for the first time, will join the ranks of permanent investors and gradually extend their purchases from Government bonds to the general list of sound securities.

It is important to say that the coöperative plan of bond distribution is so

flexible as to meet changing conditions and allow the full development of each individual member. No restrictions are placed upon participants and the constant broadening of the service is opening up new avenues of business closed to many dealers and banks.

#### A PUBLIC SERVICE

While the economical operation of this plan greatly increases the opportunity for profit to the investment dealer—something of decided importance under prevailing conditions in the investment market—it nevertheless renders a public service of even greater moment at the present time. It helps keep the securities of the country moving and liquid, by broadening the market, thus making it possible to float such new issues as must be put out to continue the operations of trade and industry.

Furthermore, the distribution of securities in this manner brings before the millions of small investors, unskilled in discriminating for themselves in the choice of investments, securities whose soundness is not open to question.

The multiplication of the number of buyers of good securities is a matter of superlative concern. Those who wisely invest their earnings gradually acquire a position of financial independence, become better citizens, and assist in an important way in keeping enterprise going and labor employed. This tends to enhance both individual and national wealth.

It may therefore be said that in addition to the purely business aspects of this method of distributing securities, whereby better profits are assured through the more economical operation which the principle of coöperation makes possible, a service of distinctive value is rendered to the business community and to the people generally.





The Royal Exchange of London, England

## Four Big Exchanges of the World



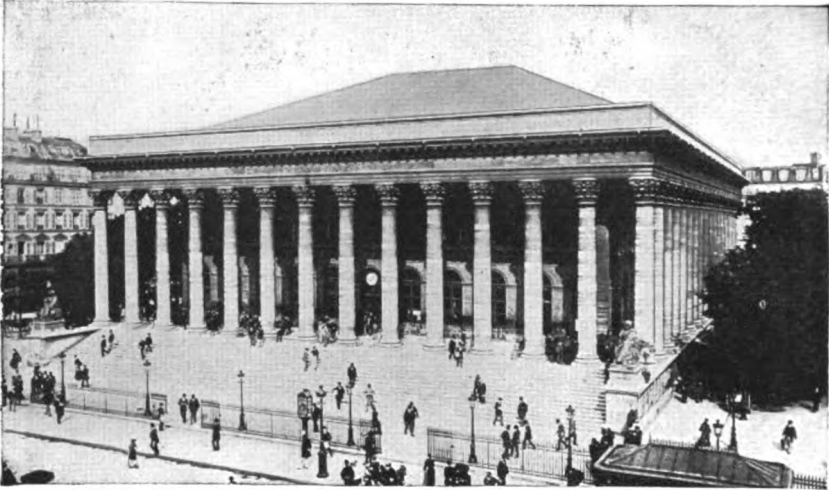
**R**ECENT events have given a new and brighter lustre to the prestige of the stock exchange as an institution. The benefit and value of its functions are better understood to-day than at any time in the past. Never before were the advantages of these great market places so clearly realized as during the three years that have elapsed since the whole world stood aghast at the launching of the terrific conflict which truly has "staggered humanity." The closing of the stock exchanges at the outbreak of hostilities for a limited time was a precautionary step, taken in the interest of the public, to prevent demoralization as well as a needless sacrifice of values.

During the times when the exchanges were closed an opportunity was afforded the public of appreciating how essential these trading marts were. It was not fully realized, perhaps, until the usual facilities in this respect were temporarily suspended and the seller

of securities found himself at the mercy of an uncertain and narrow outside market, that the advantages afforded by an exchange loomed large by comparison.

The stock exchanges, as they are now constituted, perform a public service that is exceeded only by our banks. In fact, the relation between the two is so intimate as to make the former an essential adjunct to our banking institutions. In establishing values, furnishing a broad and ready market, and especially in being a medium for a wide as well as desirable distribution of stocks and bonds among private investors, the stock exchange supplements the work of the bank in a most efficient manner.

Therefore, the brief description of the four big exchanges of the world, which follows, may prove interesting. Likewise the illustrations of the respective buildings of these institutions, reproduced here, should add to the favorable impression because of the massiveness and beauty of their architecture.



The Paris Bourse of Paris, France

#### ROYAL EXCHANGE OF LONDON

In two respects the Royal Exchange, as the London Stock Exchange is known, occupies a unique position among the world's great exchanges—one being its particular form of organization and government, and the other the wide diversity of securities bought and sold. Here is found a market for stocks, bonds and debentures from various parts of the world. Hence the fact that the London Exchange is the world's international stock market is no cause for wonder.

The London Exchange organization is that of a company, the members being shareholders. Owing to unusual conditions related to the European war in which so many countries are engaged, the membership of the exchange has naturally fallen off. The number is now about five thousand, which is several thousand below the maximum membership. Exceedingly stringent rules govern the liability and regulate transactions between the members. Probably no more conservative body exists than the governing committees having



The New York Stock Exchange of New York City

in charge the carrying out of the by-laws.

#### PARIS BOURSE

This famous institution was legalized in 1724 and is under Government control. The membership is limited to a relatively small number. New members are elected by their fellow brokers, but their election must be confirmed by the Minister of Finance. Like the London Exchange, the influence of the Paris Bourse is international in character and extends to many other coun-

#### NEW YORK STOCK EXCHANGE

When measured by the magnitude of transactions alone, the New York Stock Exchange is unquestionably the largest of all the great exchanges. This institution can trace its origin back to 1792. From extremely modest beginnings, its progress since has been typical of the marvelous development of the United States. Always under the guidance of men of high character, the Exchange has constantly performed a great service in furnishing a central market place



The Consolidated Stock Exchange of New York City

tries. Every possible precaution is taken to safeguard its honor and to preserve unsullied the traditions which mark its career.

Until lately, transactions on the Paris Exchange were almost exclusively confined to dealings in French public and corporate issues, and various Russian, Turkish, Spanish and Egyptian bonds—stringent rules on admission having kept the “listings” to securities of this class. These conservative restrictions have resulted in the formation of an outside system called the *Coulisse* with quite an extensive membership, for the purpose of trading in miscellaneous issues. In this way the market's scope is broadened in the least objectionable manner.

for the purchase and sale of securities under prescribed conditions and associated besides with every certainty of legitimacy.

Practically all the stocks and bonds of the important railroads and industrial corporations of the United States are listed on this exchange. An idea of the enormous volume of trading carried on may be inferred when it is realized that on occasions daily sales have exceeded three million shares. Sales of two million shares have been of frequent occurrence, while a matter of a million shares is nothing unusual for a day's record. Bond sales are also very large.

CONSOLIDATED STOCK EXCHANGE OF  
NEW YORK

Ranking next in size to the New York Stock Exchange, the Consolidated Exchange is, therefore, the second largest of the world's great exchanges. Starting in 1875, this organization has grown to its present size and importance mainly through meeting a special requirement, namely, an odd lot market. The Consolidated was the pioneer in odd lot trading and still leads in it, while also conducting general trading in large lots along the same lines as those which are followed by other stock exchanges.

The greatest care is taken in admit-

ting new members—the character and record of each applicant being submitted to the most thorough investigation before final action is taken on his application.

The Consolidated maintains its own clearing-house and ticker service, thereby giving members advantages that are essential to efficiency in the execution of buying and selling orders. The management is vested in a board of twenty-four governors and twelve standing committees. All transactions are carried on under strict rules established for the purpose of governing the operations between the members on the floor of the exchange, as well as their relationship to the public.



## South American Representative

**T**HE constantly growing importance of this country in international finance has been more marked during the past few years than ever before. Banking is no longer bound by local limits. Bankers throughout this country are endeavoring to keep more intimately in touch with foreign conditions and institutions, and bankers in foreign countries are watching and studying American financial progress more closely than ever.

THE BANKERS MAGAZINE has endeavored at all times to reflect this broader international attitude. Many of the largest and most important banks throughout the world are already represented in its advertising columns. More subscriptions are being received constantly from foreign bankers.

We are endeavoring to develop our publication to meet these changing con-

ditions. In time THE BANKERS MAGAZINE will undoubtedly be consulted as readily, and to equal advantage, by bankers throughout the world in reference to international banking affairs, as it has always been consulted by American bankers on domestic banking development.

In furtherance of this policy, and to make THE BANKERS MAGAZINE more thoroughly known to the banking interests of South America, we have recently arranged with Mr. F. A. Sherwood to act as a special representative of THE BANKERS MAGAZINE. Mr. Sherwood left New York early in February for a protracted trip through Peru, Bolivia, Chile, the Argentine Republic, Uruguay and Brazil, on behalf of Messrs. Dodwell & Co., Ltd., a well-known firm of international merchants of New York and London.

# Planning the Third Liberty Loan Campaign—How Experiences of Other Campaigns Will be Utilized

By JAMES I. CLARKE, Assistant Director of Publicity, Liberty Loan Committee, Second Federal Reserve District

**W**HEN the Third Liberty Loan is offered to the public, the bankers will not wait to be told what to do or how to do it. They will go forward with the task just as they did in the first and second campaigns.

There is no more forceful way of proving the splendid spirit of coöperation among American bankers than by recalling the total subscriptions to the Liberty Loans of June and October, 1917. The huge war fund of \$7,652,759,150 could not have been placed at the disposal of the Government without the enthusiastic and self-sacrificing work of the bankers.

## SUGGESTIONS FOR NEXT CAMPAIGN

In a spirit of appreciation of past service, therefore, these suggestions are offered in the hope that they may contribute to a coördination of effort on the part of the bankers, even more successful than that of last year. These specific suggestions are as follows:

1. That adequate banking space, a room, or if necessary, a department, be early set aside for the conduct of the Third Liberty Loan, and that banks cordially invite not only their own depositors but the general public as well to make use of such facilities as they may offer for the purchase of Liberty Bonds.

2. That effective advertising devices be prepared, such as:

Street booths near the banking premises;  
Street banners;  
Oilcloth signs;  
Posters (for the outside walls of the bank buildings).

3. That bankers use their newspaper and magazine advertising space to commend the Liberty Loan; or, better still, contribute that space directly to the Liberty Loan Committee.

4. That, whenever possible, executives and bank-workers of every grade be assigned to assist the Liberty Loan Committees for the duration of the campaign, or for any part of it. As the Liberty Loan organizations are composed almost entirely of volunteers, such assignments are especially valuable.

5. That directors and executives of banking institutions speak at Liberty Loan meetings and rallies, and assist in mapping out the Loan campaign in their respective districts or counties.

6. That bank stationery and other printed matter bear a Liberty Loan slogan, thus carrying the message of the campaign into business offices and homes.

7. That banks send to their depositors pamphlets and printed appeals prepared at the Liberty Loan headquarters, or by local workers.

8. That banks keep watch for news items, especially stories of subscriptions

containing the elusive quality of human interest, so effective in publicity.

Many of the bankers have made use of most, if not all, of these suggestions in the first and second campaigns. It may be worth while, however, to recall them. It is likely, too, that the bankers can render the maximum of effective service to the Government, as they are planning to do, if they understand fully the detailed workings of the Liberty Loan Committee organization in charge of their district. Some of the banking institutions, of course, are in direct touch with the campaign through the central committee.

#### SOME METHODS EMPLOYED IN THE SECOND RESERVE DISTRICTS

There is a second class of banks and banking institutions related to the campaign by means of the great committees on national and state banks, and trust companies. In the second campaign these committees kept the institutions in the Second Federal Reserve District acquainted from day to day with the policies suggested by the central committee. The chairmen of these committees, it will be recalled, were members of the central committee. The recommendations of the central committee were made known to the banks through letters and circulars. This part of the work, incidentally, called for an immense amount of printing and detail work, yet it was only one phase of the campaign as conducted at headquarters.

Bankers in the Second Federal Reserve District became familiar with the workings of the committees on savings banks, on steam railroads, on industrial companies, on public utility companies, on insurance companies, on municipal employees, on New York stock exchange houses, on hotels, and on real estate dealers, for they handled subscriptions obtained through these organizations. The trade committees, for which the advisory trades committee at headquarters was a combined power-house and clearing station, reached out into every industry in New York city. The work of these committees, as well as of

the Metropolitan Canvass System, became better known to the bankers in New York than to those outside the city. In Brooklyn and the Bronx the bankers dealt with a separate organization which, however, kept in touch all the time with the headquarters staff. Outside of New York city, the district chairmen, of whom there were eight, worked with the local committees. The bankers were able to follow the local campaigns because they were closely associated with the mercantile, fraternal, agricultural, commercial and other bodies in the towns and villages.

All the organizations mentioned above, with the exception of the committees on national and state banks and trust companies, kept in touch with the central committee by means of the distribution committee, which may be compared to the executive branch, which carried out the ideas of the legislative branch, although that comparison loses some of its force when it is realized that the Liberty Loan Committee proper recommends and does not order. The Women's Liberty Loan Committee, which raised \$40,954,845 in the second campaign, kept in touch with the distribution committee through Mrs. John T. Pratt, chairman of the women's organization in this Federal Reserve District, who was in frequent consultation with the chairman of the central committee, Governor Benjamin Strong of the Federal Reserve Bank of New York, and with others of the committee.

Such was the working plan of the Liberty Loan in this district. The same general plan will be utilized in the third campaign with a few minor modifications.

#### WORK OF THE PUBLICITY DEPARTMENT

The publicity department will be divided into four sections; the service bureau, the advertising bureau, the press bureau and the office bureau. The service bureau will look after features, such as parades, exhibitions and the like, and will have a states division, which will cover that part of the Second Federal Reserve District lying outside Greater New York. A representative of the

committee in this division will keep in direct touch with all parts of New York State, as well as with Fairfield County in Connecticut, and with the twelve northern counties of New Jersey. Any difficulties in getting into communication with the right department, which out-of-town bankers experienced in the last campaign, will be solved, it is hoped, by the creation of the states division. Members of this division will travel through the district and will call to the attention of the bankers and other supporters of the loan the facilities offered by the publicity department to the local committees. If the bankers in Rochester or Syracuse, to take names at random from the map, desire to get in touch with headquarters on a publicity matter, these division field agents will be on hand. If posters and booklets are not sent out in large enough quantities, or soon enough for the purposes of the local bankers, these agents will remedy that condition. If the bankers or other workers outside New York feel that news should be sent out from New

but will place the printed appeal. This bureau is planning distribution of advertising matter on a larger scale than in the last campaign, when 45,000,000 pieces, including buttons, posters, circulars, cards and the like, were sent out from New York headquarters. Another change made in this bureau is that a copy staff will be organized within the department, to supplement the copy solicited from advertising agencies and from writers. There will also be an art department, with an editor and one or more artists. Any suggestion for a striking appeal to the public can be put on paper and started on its way to the printer without delay. An "idea branch" will be the source of these and similar suggestions. Advertising space will be solicited from advertisers as in the past, and special attention will be paid to bill-boards, painted signs, and street-car cards.

Following is a summary of newspaper advertising space obtained in the Second Federal Reserve District for the Second Liberty Loan:

## SUMMARY

	Pages of Advertising Space
Manhattan: Morning papers .....	208.12
Evening papers .....	101.28
Brooklyn: Evening papers .....	42.54
German papers in Greater New York:	
Morning papers .....	10.09
Evening papers .....	4.53
Other foreign language papers in Greater New York.....	26.38
<b>Total for Greater New York.....</b>	<b>392.94</b>
<b>Total for Second Federal Reserve District outside Greater New York .....</b>	<b>1,220.86</b>
<b>Total for entire Second Federal Reserve District.....</b>	<b>1,613.80</b>

York city for the purpose of stimulating public interest in a certain community, the agents will be ready to arrange such service.

The advertising bureau will take over the distribution of printed matter, and will see to it that a pamphlet, or circular, or poster, intended for a particular community, nationality, or class, gets into the hands of the people for whom it is prepared. Thus the advertising bureau will not only originate,

The banks in greater New York contributed 325,999 lines of Second Liberty Loan advertising. This meant 149 pages. The cost of this advertising was \$88,318.53. It will be recalled that the banks and trust companies were responsible for the "Save and Serve" advertisement which appeared in the New York newspapers shortly before the second campaign started. Part of them assumed responsibility also for the "Borrow and Buy" advertisements

which appeared later. Some of the financial institutions of the metropolitan district contributed the space which they had bought on contract from the newspapers and devoted it entirely to Liberty Loan copy.

The press bureau will be divided into a news division, class and trade publication division, financial division, out-of-town newspaper division, and a magazine feature division. In addition the work of developing special features will be carried on by this bureau to a greater extent than heretofore. With the bureau thus reorganized and geared up for higher speed, it is hoped that the volume and quality of news and magazine publicity obtained for the Second Liberty Loan in this district will be increased greatly.

The figures given below show the results accomplished in the campaign ended October 27:

#### NEWS PUBLICITY

	Columns
News from headquarters..	6,229.86
News from Washington....	1,133.22
Local news, out-of-town....	3,821.95
Editorials .....	950.22
Cartoons from headquarters	666.28
Local cartoons .....	501.12
Feature stories .....	151.90
Photographs .....	358.20
Foreign language papers..	414.00
Additional clippings (estimated .....	1,000.00
	15,226.75
Magazine publicity:	
Editorials, articles, etc., in popular magazines .....	134.00
Editorials, articles, etc., in trade magazines .....	1,000.00

The office bureau has been reorganized in such a way as to prove of greatly increased usefulness during the third campaign. Both the stenographic and clippings divisions have been enlarged, and their duties carefully specialized. The information division hopes to render particularly valuable service in the next loan, not only as a source of information about the local loan organization, but as an authoritative center where any question which might possibly arise concerning Liberty Bonds may be accurately and helpfully answered.

All workers in the Liberty Loan organization of the Second Federal Reserve District, from office boys to directors, have taken up their work with patriotic enthusiasm, realizing that their faithful service is of the utmost importance to our country at this time.

It is a constant inspiration to the members of the loan organization to know that they will have the whole-hearted coöperation of the bankers during the Third Liberty Loan.

## Book Reviews

**INCOME TAX.** By Edith M. Phelps. H. W. Wilson Co., N. Y. Price, \$1.25.

This volume, like others in the *Debaters Handbook Series*, contains a selected bibliography and reprints of some of the best articles on the subject.

The discussion is concerned more with the administration of the tax than with the theory. Every article is annotated, indicating its character.



**INCOME TAX LAW AND ACCOUNTING, 1918.** By Godfrey W. Nelson. Macmillan Co., New York. 2nd Edition. Price, \$2.50.

A practical application of the income tax laws for business men, lawyers and accountants, explaining in detail the operation of the act, defining terms and illustrating cases.

Prescribes remedial measures for excessive depreciation charged off in former years and outlines methods of bookkeeping for corporations whereby preparations of returns is simplified.

# Banking and Financial Industry

SPECIAL

**BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL . . . . \$3,000,000.00

SURPLUS . . . . 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

### OFFICERS

HARVEY D. GIBSON	President
DANIEL G. REID	Vice President
CHAS. W. RIECKS	Vice President and Cashier
ALEXANDER M. HALL, 2nd	Vice President
ERNEST STAUFFEN, Jr.	Vice President
JOSEPH A. BOWER	Vice President
FREDERICK P. McGLYNN	Assistant Cashier
THEODORE C. HOVEY	Assistant Cashier
LOUIS W. KNOWLES	Assistant Cashier
FREDERICK W. WALZ	Assistant Cashier
SIDNEY W. NOYES	Assistant Cashier

# The Bank of Italy, San Francisco



A. P. GIANNINI  
President Bank of Italy

**T**HE popular and persistent misconception of the banker as a leisurely man of affairs who breakfasts at nine, starts for his country club at three, and manages other people's affairs in the hours between with enormous profit to himself, has never seemed more full of irony than at the present moment. For there is probably no other profession or business which is so beset with anxious problems of management and policy: Here the small bank, with its limited capital and resources, is being pressed hard by the demands of modern enterprise, on account of the costly equipment required by farm and factory; the large bank is finding it difficult to retain the sympathetic intimacy with the public which has been the secret of much

of the fine service rendered by small banks to country communities; the bank clerk has discovered it increasingly necessary to have a varied experience and technical knowledge which are not easy to acquire in our American system; and bank directors have found that much of the apparent profit of the last three years has been seriously depleted by the constantly mounting cost of banking.

## DEMAND FOR BROAD BANKING SYMPATHY

There is a pressing demand everywhere for banking economy, organization and experience, an insistent need not only for banking resources large enough to keep pace with the huge requirements of modern industry, but also banking sympathy broad enough to compass the needs of thousands of small borrowers. And it is in answer to these demands that the Bank of Italy has developed its branch system.

Its originality does not consist in its policy of purchasing other banks. The absorption of small institutions by large ones is part of a movement that has been gaining steadily in the United States during the last generation. The Bank of Italy has merely seized upon this tendency and turned it to the advantage of the public by retaining and developing banking services in every place where a bank has been absorbed. It is the only large institution in the United States which has established branches outside the limits of the city where the parent bank is located; the only institution which has placed its facilities within the reach of an entire state. It took imagination and initiative to develop a plan of such broad scope and usefulness. It took courage to adopt a policy upon which many American bankers had placed the stamp of their disapproval. But results have amply justified the step. The bank's growth in the space of thirteen years



Head Office, San Francisco

from resources of less than \$300,000 to resources of more than \$80,000,000 gives tangible evidence of the confidence and support of the California public.

#### CALIFORNIA'S BANKING NEEDS

But perhaps this almost unparalleled development is not due wholly to inspiration within the bank itself. For California, more than any other state in the Union, stands in need of a financial system that can rise above purely local depressions. It is not pre-eminently a grain state, nor a fruit state, nor a mineral state; but draws its great wealth from an unusual variety of industries and raw products all liable to unexpected temporary fluctuations from different causes. The fruit sections, for instance, have profited from last year's long dry autumn; but the grain men have suffered. The bean growers made enormous profits in 1917; but the citrus fruits were damaged by heat in amounts varying from twenty-five per cent. to seventy-five per cent. of the total crop. The stock men have more than once sustained heavy losses when the lack of snow in the mountains has deprived the cattle of pasturage. The rice growers have seen a whole

year's outlay swept away through a north wind's springing up when the fields were in bloom. The lumbermen have been hampered and restricted in their output this past year by labor and transportation difficulties.

It is not surprising therefore that the state has given a hearty welcome to the Bank of Italy system; a system that can afford to give at all times and in all communities the fullest possible support to California development—undisturbed and uninterrupted by any purely local conditions. The branches have been so distributed that the bank draws its strength from a great variety of natural resources; its Los Angeles branches, for instance, are in the oil and citrus fruit section; its San Jose branch among the prune orchards; its Hollister branch in a rich stock district; and its Stockton branch in the centre of the delta lands of the San Joaquin with their vast acreage of grain and garden truck. And all these branches are ready not only with immediate response to every legitimate need for capital, but with that optimistic belief in California enterprise which is part of the bank's code of honor.

#### ITS SERVICE IN AN EMERGENCY

This spirit of enthusiasm and instant helpfulness has marked the bank from



Market Street Branch, San Francisco

its inception. It was the youngest bank in San Francisco at the time of the earthquake and fire. But it was first to reopen for business. Although it was razed to the ground with the rest of the down-town district, it found temporary quarters before the ruins of the city were cold at the home of Dr. A. H. Giannini, brother of the present president. Notices had been sent to the bank's depositors on the day after the fire was extinguished, informing them that the bank stood ready to lend money immediately for reconstruction. And although it seemed impossible at the time that these emergency letters would find their destinations among refugee camps and neighboring cities, answers came in from all directions with amazing promptness. The North Beach District, an area of small homes completely gutted by the fire, was largely financed by the Bank of Italy, and was one of the first sections of the city to rise, phoenix-like, from its ashes.

#### INAUGURATION OF THE BRANCH SYSTEM.

The bank itself grew steadily, until by December, 1909, its assets had mounted to \$3,817,217.79. In the following year it launched the system which has made it nationally famous by the purchase of the Commercial and Savings Bank of San Jose, which it



Branch at Los Angeles

established as its pioneer branch. It followed this venture by taking over the Bank of San Francisco and the Mechanics' Savings Bank, both of which it merged into its Market Street Branch, a branch which has now the popular reputation of being the most crowded banking room in San Francisco.

The year 1913 marked the invasion of Los Angeles by the Bank of Italy organization. It began by taking over the Los Angeles Park Bank, and followed this by the purchase of the City and County Bank. Later the business thus acquired was moved into handsome quarters at Seventh and Broadway, the exact center of that city's remarkable shopping district. Not content with this strategic move, the directors established the Plaza Branch in the heart of the foreign section of Los Angeles. And during the last year they have made this branch one of the most important in the system, with resources of nearly \$5,000,000, by purchasing the old-established International Savings and Exchange Bank and merging its assets with those of the Plaza branch.

In the last two years an elaborate



Branch at Fresno, Cal.

network of branches has been extended through the San Joaquin, Santa Clara and Salinas valleys. In 1916 the Santa Clara Valley Bank of Santa Clara, the First National Bank and the Commercial Savings Bank of Merced, the Bank of Gilroy, the Bank of Hollister, and the Savings and Loan Bank of San Benito County were all gathered into the Bank of Italy fold. But the most important addition to the system in 1916 came with the acquisition of the Fresno National Bank and the Peo-



Branch at San Jose, Cal.



Branch at Santa Rosa, Cal.

and converted into a branch; in Modesto, the busy centre of the greatest dairying county on the coast, two strong affiliated institutions, the Farmers' and Merchants' Bank of Modesto and the Security Savings Bank of Stanislaus County were purchased and transferred to new quarters. The Farmers' and Merchants' National Bank of Livermore; the Commercial National Bank of Madera and the Madera Savings Bank; the Redwood City Commercial Bank and the Savings and Loan Company of San Mateo County (both the latter at Redwood City) were later purchased and transferred into Bank of Italy branches. But perhaps the most interesting developments of the year were the purchase of the Santa Rosa Bank at Santa Rosa, the oldest banking institution in Sonoma County, and the formation of a splendid branch at Stockton through the acquisition of the San Joaquin Valley National Bank and the San Joaquin Valley Savings Bank.

ple's Savings Bank of Fresno, in the fast growing metropolis of the raisin belt.

During 1917, the Santa Clara branch was strengthened by the purchase of the Mission Bank of Santa Clara, and the San Jose branch enlarged by the acquisition of the splendid San Jose Safe Deposit Bank for Savings. In addition, seven new cities were added to the list of those served by the Bank of Italy. In Napa the James H. Goodman and Company Bank was acquired



Branch at Gilroy, Cal.



Branch at Madera, Cal.

The latest addition to the branches was made in January of this year, through the purchase of the National Bank of Ventura, and the Ventura County Savings Bank, in the well-known bean and sugar beet district.

#### DELIBERATIVELY CONSERVATIVE POLICY FOLLOWED

In spite of the rapidity with which these branches have been acquired, a deliberately conservative policy has been followed in each instance. No feeble or moribund institutions are ever taken over and nursed back to life. The bank believes in building on firm foundations in every community it enters. It purchases, therefore, only banks of proved strength and solidity. The San Jose Safe Deposit Bank for Savings, for instance, which was acquired three months ago, was one of the five banner banks in the state. It is the opinion of the directors that they owe it to both the bank and its depositors to accompany their policy of rapid expansion with a corresponding policy of iron bound conservatism. And this attitude has been characteristic of the bank from the beginning. The old Cal-



Branch at Santa Clara, Cal.

ifornia banking laws contained no regulations concerning loans to officers and directors; but such loans were strictly forbidden under the rules adopted by the Bank of Italy. And these rules of the bank were not relaxed until the passage of the present banking law, which, although it permits loans to directors, does so with very close restrictions.

A similar conservative policy is followed with regard to management of the branches after their acquisition. An inspector keeps constantly in touch



Branch at Stockton, Cal.

with the different units of the whole system. Reports on each day's business are made daily to headquarters, showing each branch's condition, its new loans, loans paid, new and closed accounts, overdrafts, reserves and other changes. In addition an individual report is made on each loan, which is reviewed by the credit department at the main office.

There are six district auditors who also check up on the business. And a general examination is made about four times a year by the executive officers to



Branch at Hollister, Cal.

insure efficient operation. Finally all important transactions of each branch are passed upon by the executive committee of the board of directors, consisting of A. P. Giannini, president; P. C. Hale and James J. Fagan, vice-presidents; George J. Giannini, director, and William W. Woods, the recently elected general manager.

The branches are operated, nevertheless, as far as is practicable like independent banks. The Bank of Italy maintains in each case the original directorate of the bank that is purchased, augmenting it with leading local citizens and in some cases strengthening the management. The directorate thus becomes a local advisory board, on which are represented all the leading nationalities and industries. And this board is so constituted that one or more of its members are acquainted directly or indirectly with every patron or pos-

sible patron in the district served by the branch. As far as possible, also, the officers and employees of the original force are retained. So that local residents are not chilled by any changes in the personality of the bank. The influence of its relations with the public is unbroken.

#### DISTRIBUTION OF THE BANK'S SHARES

Adopting the policy which has helped to make the Bank of France and the Bank of England great popular institutions, the bank has distributed its shares in small lots throughout the communities which it has entered. At the present time its stock is held in not less than thirty counties of the state. There is perhaps no more characteristic evi-



Branch at Merced, Cal.



Branch at Modesto, Cal.

dence of this democratic spirit in the institution than its development of the school savings systems among the children of California. In this department there are now 22,292 depositors and total deposits in excess of \$400,000, the increase of 1917 alone being \$75,875.90. The system is established in forty-one places and authorized in ten more. Altogether 186 schools, ranging from those of the old mission town of San Juan to the State Normal Schools of Fresno, Los Angeles, and San Francisco, have authorized the establishment of savings departments and have named this bank as the depository in each instance. The officials of the bank draw considerable satisfaction from the evi-

dence that the system is playing a permanent part in the development of the small depositors; of the accounts opened at the installation of the department and one-half years ago 58.3 per cent are still on the books. And of all accounts that have been opened since the system was inaugurated, the percentage still open is 75.1.

#### NO MONOPOLISTIC AMBITIONS

It is not the ambition of the Bank of Italy to crowd out smaller competitors, nor to monopolize the banking business in the communities which it enters. It is in a position, however, to serve the interests of California as a whole more effectively, democratically, and economically than any bank can which is dependent on the resources of a single community. It can give to its hundreds of employees an opportunity, unequalled in the western part of the United States, to gain varied experience and to rise rapidly to managerial posts;

and it can give to its smallest and remotest branch the judgment gained by its officers through the study of a great variety of financial conditions.

#### THE BANK'S REMARKABLE GROWTH

How completely these policies of the Bank of Italy have won public confidence is shown dramatically by the following story of the growth of its resources:

December 31, 1904 .....	\$285,436.97
December 31, 1906 .....	1,899,947.28
December 31, 1908 .....	2,574,004.90
December 31, 1910 .....	6,539,861.49
December 31, 1912 .....	11,228,814.56
December 31, 1914 .....	18,030,401.59
December 30, 1916 .....	39,805,995.24
December 31, 1917 .....	77,473,152.79

Since these figures were published, the steady growth throughout the system and the acquisition of the Ventura branch have increased the total resources to \$80,000,000.



## Looking to the Bankers for Guidance

**F**ROM a customers' letter by Gates W. McGarrah, president of the Mechanics and Metals National Bank, New York:

"Properly directed, the American public can be depended on to support the forthcoming loan to its utmost power. But it is to the bankers of the nation that the public will undoubtedly look for guidance, and unless the bankers accept their responsibility and recognize the increased importance of the

part they have to play in war financing, public subscriptions will lag. In its loyalty and patriotism the public has already subscribed more than its normal savings for a given year to Liberty Loans; approached for a third time with an earnest appeal from every banker of the country, and impressed with the need of subscribing more liberally than at any time before, there can be little doubt of the public's ultimate action with regard to the forthcoming third Liberty Loan."



Three Men Closely Associated with the History of the Bank of the Philippine Islands  
Archbishop Jeremiah J. Harty and President Taft were two of the authors of the original charter and  
El Marques de la Solana was the founder of the Banco Espanol Filipino in 1851

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## The Bank of the Philippine Islands

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**O**LD residents of these Islands will tell you that this is "el pais de los vice versas!" This fact will explain how it happens that romance can find lodgment in a history of the unpoetical, money-making mechanism of a bank.

In the middle of the last century the Spanish Governor-General of these Islands, el Marques de la Solana, established a bank in Manila and named it after its first protector, Her Catholic Majesty Isabel Segunda. Eighteen years later she was dethroned and the bank lost a part of its name, becoming simply "Banco Español-Filipino." Twenty-eight years later—as it happened on the bank's forty-sixth birthday—Dewey began his siege of Manila and all but bankrupted the Spanish insular government as well as the bank which was its chief financial mainstay.

And so on until ten years ago when Festus Wade a hardheaded banker of St. Louis, Missouri; Jeremiah J. Harty, Archbishop of Manila, and former President Taft, then Secretary of War,

met in Washington and with the good of the Philippines in their hearts, and the bank's Spanish charter and the American National Bank Act in their hands, as working material, they proceeded to construct the mosaic known as the bank's present charter. In it they gave the bank's stockholders the right to change its name to read "The Bank of the Philippine Islands," whenever they saw fit. So on January the first, 1912, the change was made. On the wall above the directors' table hangs an oil painting of el Marqués de la Solana, and it is proposed to place on either side portraits of Isabel Segunda and President Taft.

### PROSPEROUS CAREER OF THE BANK

The bank has now entered its sixty-seventh year. From a stockholders' dividend-paying point of view its life may, so far, be divided into three periods. From its first to its twelfth year, its annual dividend payment ranged from four to nine per centum. From its thirteenth year to the time of the



JNO. S. HORD

President Bank of the Philippine Islands



ELISEO SENDRES

Vice-President Bank of the Philippine Islands

American occupation in its forty-seventh year, its annual dividend payments never dropped below ten per centum and at times rose to eighteen per centum. During the first nine years of this century the average annual dividend payment was something over eight per centum. Eight years ago ten per centum became the rule and during the last two years a dividend payment of twelve per centum has been made each year.

Luis Alvarez de Estrada, dean of the Tribunal de Cuentas, drew up the bank's first charter which was printed in 1851 by the Manila printing firm, "Los Amigos del Pais." On October 17, 1854, the Spanish Government approved the charter. This charter has since been amended three times: By Royal Order of the Ministerio de Ultramar on July 3, 1860, at the request of the Governor-General. By Royal Order of the Ministerio de Ultramar on February 14, 1897. And by the Philippine Civil Commission in Act No. 1790,

on October 12, 1907, confirming the terms of the amended charter prepared that year in Washington. The life of the original charter was twenty-five years, but this has been extended three times. The present charter expires in 1928.

The bank began business with a subscribed capital of 400,000 Spanish pesos, represented by 2,000 shares of 200 pesos each, face value. It had the privilege at the start to a note circulation equal in value to seventy-five per centum of its paid-in-capital. On August 12, 1864, the capital was increased to 600,000 pesos and the note issue privilege to 1,200,000 pesos. On February 7, 1896, the bank was authorized to at once increase its capital to 1,500,000 pesos and thereafter, gradually, to 3,000,000 pesos and its note-issuing franchise was increased to an amount equal in value to three times its paid-in capital; but the Spanish Insular Government reserved to itself the right to borrow of the bank free of interest

payment, during six months in each and every year it pleased, any sum not in excess of one-third of the bank's paid-in capital at the time of the loan. And finally by its present charter the bank was authorized to increase its capital to 10,000,000 Philippine pesos, and its note circulation, based thereon to an amount not in excess of 9,000,000 Philippine pesos. The surplus and undivided profits fund constantly increased until, at the time of the Ameri-

de Cervantes was built specially for its accommodation.

#### ORGANIZATION AND MANAGEMENT

The organization and management of the bank has undergone radical changes. At first its government was in the hands of a board composed of two *sindicos*, one named by the stockholders and the other by the Insular Government, of six *consiliarios*, and of two *directores*, who were alternately managers of the bank.



The Bank of the Philippine Islands, 10 Plaza Cervantes, Manila, P. I.

can occupation, it amounted to 900,000 pesos. The commercial depression following the war and certain specific losses resulted by 1908 in a reduction of the surplus to about \$225,000. During the last eight years the bank's paid-in capital has been increased to 4,500,000 Philippine pesos and its surplus funds to 1,775,000 Philippine pesos.

At the beginning the bank occupied quarters assigned to it by the Spanish Government in the old custom house in *Intramuros*. A few years later it moved into its own building at the corner of *Calles Cabildo* and *Victorja*. Its present comfortable home at No. 10 Plaza

This body was presided over by a *comisario rejio*. In 1869 the office of *comisario rejio* was abolished by Royal Decree and from that year until 1908 the management of the bank was in the hands, alternately, of the two *directores*. Under the existing charter an annual election is held by the stockholders who select the president, the vice-presidents and the board of directors, consisting of not less than eight and not in excess of fifteen members. The positions of secretary for the bank and the managers of its branches are filled by the board of directors on recommendations made by the president.



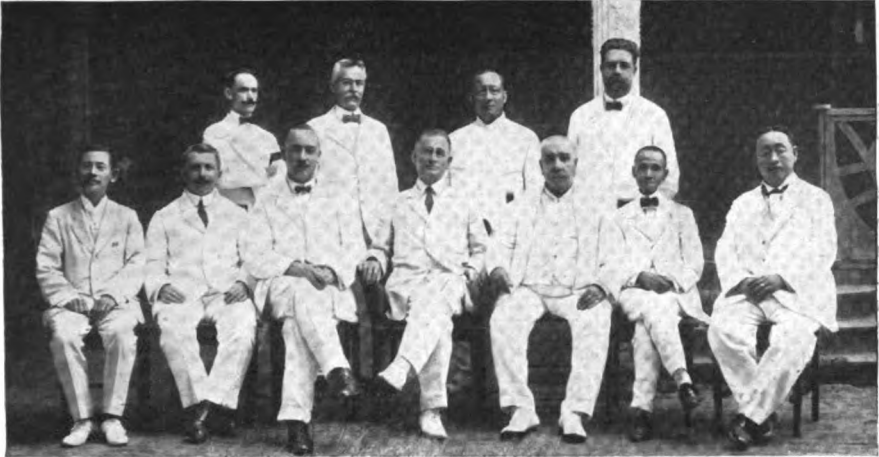
Personnel in 1917 of the Bank of the Philippine Islands

A branch bank was opened in Iloilo in 1896 and its influence throughout the sugar section has been apparent from the day of its establishment. Another branch was opened in Zamboanga in 1912. During several years immediately following the opening up of the United States market to the free entry of Philippine products, the Iloilo branch of the bank loaned yearly several million pesos to the sugar planters, using for this purpose both bank funds and Government funds. The result was that sugar producing methods were to a certain extent modernized, the amount of the sugar crop was nearly doubled, and, more surprising still, the bank got back every cent, principal and interest, of the money loaned and this notwithstanding the fact that during certain periods the main security for the loans was growing crops and work stock.

Many of the best known names in Manila to-day appear at some time in the past on the bank's roster as directores, syndicos, etc. The two first directores were Tomás Balbas y Castro who served continuously for twenty-one years, and José María Tuason who served for three years. The latter was the founder of the house of "J. M. Tuason y Cia.," and his grandsons, Juan, Demetrio, Mariano and Agosto, are well known to the business life of modern Manila.

Another well known name is that of José J. de Inchausti who was one of the bank's directores in the early days and served for fourteen years. He was the father of Joaquin and Rafael Inchausti. Other well known names are, Irrisarry, Calderon, Ossorio, Varela, Barretto, Rocha Muñoz. The first president of the bank under its present charter was Eugenio del Saz Orozco. Mr. Orozco served as one of the directores under the old charter for fifteen years. He brought the bank successfully through some of its stormiest years.

At the general annual meeting of stockholders held on Feb. 13, 1917, the following ticket was unanimously elected: President, Jno. S. Hord; vice-president, E. Sendres; directors, E.



Board of Directors in 1917 of the Bank of the Philippine Islands

Barrera, Edilberto Calixto, Alfredo Chicote, Luis Llanos, P. A. Meyer, Maximino Paterno, Felix Roxas, Jas. J. Rafferty, Benito Siy Cong Bieng, P. C. Whitaker.

Judged by their place of birth this board of directors is a most cosmopolitan assemblage. Here are men meeting each week around the assembly table who were born in such widely separated places as China, Spain, England, Switzerland, America and the Philippines.

The manager of the branch in Iloilo is Manuel M. Rincon, and of the Zamboanga branch, Luis Espoy.

The secretary of the bank is C. G. Clifford; the cashier, Domingo Garcia; the chief of the foreign department, O. M. Shuman; the accountant, Fulgencio Borromeo, and the chief of the statistics and securities department, David A. Jumper.

#### THE BANK'S RECENT GROWTH

During the last eight years the bank's capital and reserves have trebled and its deposits have almost quadrupled. Its total resources this year are 30,365,-245.12 Philippine pesos, compared with 393,578.13 Spanish pesos sixty-six years ago when el Marqués de la Solana established it as the first, and for nearly twenty years the only bank in the Philippine Islands.

The following excerpts are from the annual report made by the board of directors to the stockholders' general meeting on February 13, 1912:

"But through all changes of name or time or circumstance this bank's policy has remained unaltered, its faith in the patriotism and far-sightedness of its founder unshaken and to-day we can say, with gratitude, that his prophecies have been fulfilled. Because that 'Greater Philippines' which he foresaw in his dreams, and for which he labored so assiduously, is now well on the way to realization. He asserted that the primary object for which this bank was established was the fostering of the agriculture, commerce and industry of the Islands and that furthering the interests of the bank itself was a secondary consideration,—a mere incident to the more important work which he had mapped out.

"In this ultra-commercial age the foregoing may seem unbelievable, or at least as quite an unique confession of faith. Yet, as the three-score annual reports of this bank will bear witness, the men charged with its management have never tired of subscribing to that self-same confession of faith. And, furthermore, it has never been a dead faith because its good works are in evidence on every page of the commercial

history of these Islands during the last sixty years.

"In fact, a history of these Islands which did not take into account the activities of this bank would be incomplete and sadly inadequate. To the student, to the man of business affairs, or to the government official, the annual reports made to the stockholders of this bank, from the time of its foundation will prove a mine of information, as instructive as they are absorbing.

"Through all the vicissitudes of war or of peace, of famine or of bountiful harvests, of prosperity or of conflict with the constituted authorities—through all there breathes that same spirit of optimism and of steadfast purpose and abiding faith in the wisdom of the man, who, from the smallest beginnings, with no local precedents to refer to and no example to imitate or to avoid, founded this bank sixty years ago. His portrait hangs on that wall and it is meet that on this occasion the following words from the Annual Report of 1868 should be quoted: 'A vote of gratitude, gentlemen, to the renowned author of the Bank of Manila,

who there in that portrait appears as silent witness to the greatness of the work he initiated.' \* \* \*

"But officials went and others came and viewed through the perspective of a series of years the bank's high aims and just and beneficent purposes were understood. Flipping back and forth the leaves of the annual reports a few years at a time, brings the conviction that whatever the bank went after it eventually obtained. All of which should inspire us with faith and confidence in the future.

"During its sixty years of life this bank has seen other banks rise and prosper and still others rise only to fall by the wayside. The Legislature of these Islands a few days since authorized the creation of a new bank whose announced policy is to help out local agricultural and industrial enterprises. To this and to all such as may follow, the Bank of the Philippine Islands extends the welcoming hand of fellowship. There is room and to spare for all agencies which will assist in the making of these Islands that 'Greater Philippines' of which the Marqués de la Solana dreamed so many years ago."



## Germany Must Be Beaten

**S**PEAKING at the recent meeting of shareholders of the National Provincial Bank of England, Lord Inchcape said:

"If we failed to come out of this war successfully, there would not be much left for either master or man. We are all in the same boat—brain workers, masters of handicraft, and unskilled laborers—those of us who have health, strength, industry and economy may have something set aside for old age, and for our families! those of us who

have spent as they have earned, either by misfortune or otherwise, if we do not come out of this war victors we shall be slaves to the Germans for years. Unless we are prepared to stake everything we have in the world, and unless our efficient young man power is prepared to go into battle, we are done. There is only one course open to us if life is to be worth living, and that is to beat the Germans, and we will do it."



W. A. MERCHANT  
President Bank of Cuba in New York



JOHN T. MONAHAN  
Vice-President Bank of Cuba in New York

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## New Offices of the Bank of Cuba in New York

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**A**DDITIONAL evidence of the progress of the Bank of Cuba in New York is afforded by recent removal to the new offices, illustrated herewith, at 34 Wall street. The Bank of Cuba in New York is the successor of the Agency of the National Bank of Cuba, whose head office is at Havana. This agency was located at No. 1 Wall street for nine years, after which time the president, W. A. Merchant, with other officials of the National Bank of Cuba, had it converted into a state bank with \$100,000 capital and \$50,000 surplus.

The purpose of converting the

Agency of the National Bank of Cuba into a state bank was to furnish additional facilities to American merchants doing business in Cuba. Agencies and branches of foreign banks in New York are closely restricted by law as to the nature of their operations, and can not offer the same banking service as banks incorporated under the state and Federal banking laws. By incorporating as a state bank, the Bank of Cuba in New York is enabled to do exactly the same kind of business as any other state bank, while at the same time retaining the prestige that attaches to its connection with the National Bank of Cuba,



**Main Banking Room, Bank of Cuba in New York**



**Office of John T. Monahan, Vice-President Bank of Cuba in New York**

the largest bank in that republic and one having numerous branches throughout the country.

The Bank of Cuba in New York has been highly successful in aiding in the financing of Cuban trade with the United States—a trade which has shown an enormous gain in the last few years.

At present Cuba is experiencing exceptional prosperity, as may be learned from the fact that the value of the present sugar crop alone is estimated at \$350,000,000. The close commercial relations existing between Cuba and the United States may be inferred from the fact that most of the money which Cuba expends for purchases abroad comes to this country.

In carrying on trade between the two countries, the Bank of Cuba in New York aids the parent institution and its forty-six branches by acting here in handling the exchange business, which amounts to over \$400,000,000 a year.

Although having commenced business so recently as a state bank as May 11, 1916, the Bank of Cuba in New York had undivided profits on December 31, 1917, of \$22,065.86, after payment of

dividends of fifteen per cent., while its total resources amounted to \$1,183,168.23.

Officers of the Bank of Cuba in New York are: Wm. A. Merchant, president (also president of the National Bank of Cuba); J. T. Monahan, vice-president; C. F. Plarre, cashier; L. G. Jones and L. R. Devere, assistant cashiers. Three of the directors, Messrs. Merchant, Monahan and Earle, have been identified with the National Bank of Cuba for some years. The other directors are M. H. Lewis, president of the Guantanamo & Western Railway and Santa Cecilia Sugar Co., and Pelayo Riera, merchant of New York and Havana.

American banking enterprise outside the borders of the United States has received its most successful demonstration in the history of the National Bank of Cuba. By establishing the Bank of Cuba in New York it has been made possible to combine the advantages of the parent institution with a local bank organized under our own laws and possessing adequate facilities for handling the large and growing trade and financial relations between the two countries.

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## Economic Aspects of the War

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**F**OR the purpose of studying economic questions relating to the war, a committee has been organized as follows: Prof. Irving Fisher (chairman), of Yale University; Prof. E. W. Kemmerer, of Princeton University; Prof. B. M. Anderson, Jr., of Harvard University; Dr. Royal Meeker, United States Commissioner of Labor Statistics; Prof. Wesley Clair Mitchell, of Columbia University, and Prof. Warren M. Persons, of Colorado College.

Dealing with the lending of money to the Government, a statement issued by this commission says:

"There are two ways for us to lend money to our country. The right way is the frank and honest way of saving,

by spending less or earning more. The other and wrong way is, at first, cheap and easy, although ultimately costly and painful, way of lending the Government what we borrow from the bank.

"If I buy Government securities by giving up the purchase of a pleasure automobile, the Government can buy a military truck with the same money, and the labor and capital which would have made the pleasure car for me will make the truck for the Army instead. That is the right way.

"The wrong method is employed if I insist upon buying that pleasure car and so can buy the Government securities only by borrowing the money at a bank. I have sacrificed nothing out

of current-money income. I have simply increased the money income of the Government. The bank which lends me the money does so by writing down a 'deposit' to my credit on its books, which 'deposit' I transfer to the Government. This 'deposit' provides purchasing power without providing or releasing anything to be purchased. The result is that instead of labor and capital turning from the making of pleasure cars to the making of motor trucks they are called upon to make both. I give the Government my check to buy the truck, for the same time I enter the market to prevent the Government from getting it. In short, the public, by its paper subscriptions, appears generous to its Government, but is selfishly refusing to make the actual sacrifice.

"The principle is a broad one. If we give up nonessentials to buy Government securities, we allow the Government to buy war essentials, and at the same time release productive energy from the making of nonessentials for us to the making of essentials for the Government.

"But if we won't make the needed sacrifice, and perhaps delude ourselves into believing that we don't have to, or even that we ought not to do so; that, on principle, we favor 'business as usual' for ourselves while expecting business unusual to be superadded by the Government; we simply go through the motions of giving over billions to the Government without really giving them up. Thereupon, the Government, in order to buy away from us what

we will not otherwise surrender, bids up prices.

"And the rise in prices which comes about from this sort of lending is cumulative. As the prices of war supplies rise the money cost of war grows and the Government has to borrow more. Bigger loans by us to the Government require bigger loans to us from the banks. This further expansion of bank credit favors a further rise of commodity prices, starting the whole process over again in a vicious circle.

"But rising commodity prices present only one of a series of evils which will follow if we continue far on the wrong road. In the wild scramble to buy—the public competing against the Government and the producer trying to satisfy both—there is increasing difficulty in getting supplies. There occurs railway congestion, car shortage, coal famine (for instance, from using up coal in nonessential industries and from using the cars needed to move it) and other dislocations.

"The best and quickest way of finding the right road—the road of thrift—is by reducing consumption and increasing production, by repressing nonessentials and by organizing a redirection of industry. President Wilson has well said, 'It is our duty to protect our people, so far as we may, against the very serious hardships and evils which would be likely to arise out of the inflation which would be produced by vast loans.' And again, 'Now is the time for America to correct her unpardonable fault of wastefulness and extravagance.'"



## Trade Acceptances

**B**EGINNING in the April number, there will be presented in THE BANKERS MAGAZINE a series of practical articles on "Trade Acceptances." These instruments of commerce will be dealt with from the standpoint of the bank, the manufacturer and whole-

saler, and the retailer. The articles will be prepared by Mr. Park Mathewson, who has made a thorough study of the subject, and who is qualified to deal with these new instruments of commerce in a way that will be of exceptional interest to the banks of the United States.

# International Banking and Finance

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION

## Negotiable Instruments Map and Holiday Calendar

The combined Negotiable Instruments Map and Calendar of legal holidays, which for years has been issued by the Irving National Bank, has been corrected for the year 1918 and will be forwarded upon request.

### IRVING NATIONAL BANK

WOOLWORTH BUILDING  
NEW YORK



RESOURCES OVER  
\$100,000,000

STRICTLY A COMMERCIAL BANK

# National Bank of Commerce in New York

**PRESIDENT**  
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**MANAGER FOREIGN DEPARTMENT**  
FRANZ MEYER

**CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000**

## Economic Conditions in France

### THE RAISING OF THE AGRICULTURE PRODUCTION

**F**RANCE has recently realized afresh the importance of agriculture for the economic independence of the country. The "Economiste Européen" (Paris), in discussing the subject, points out that it is well to remember that the French harvest for the year 1913-1914, which had not been influenced by the war, has been officially estimated at 3,849 millions of francs for corn, 1,134 millions for potatoes and artichokes, 1,095 millions for wine, 1,294 millions for various cultures, 4,198 millions for meat, 1,505 millions for milk and its derivatives, and 417 millions for the products of the farm-yard.

The war has had a disastrous influence on this production. The following table gives us an insight into the situation:

Years	Wheat	Rye	Barley	Oats	Pota- toes.
	(Millions of quintals)				
1913 ....	87	13	10	52	136
1914 ....	77	11	10	46	120
1915 ....	61	8	7	35	94
1916 ....	58	9	9	41	88
1917 ....	39	7	9	34	120

The causes of this general decrease, which explain the rise of price for all foodstuffs, lie in the scarcity of agricultural labor power and in the impossibility of procuring the manure and the necessary ingredients for the different cultures.

This situation will be even more serious after the demobilization, because the salaries that industry, commerce and the railroads will offer in order to reconstruct their effective forces, will increase the emigration from country to town; and this emigration, added to the heavy losses of the war, will make the conditions of farming for the middle and minor cultures almost impossible, if the state, through a vigorous initiative, relying on the syndicate and agricultural associations, does not furnish them the means of action.

These means could be reduced to three formulas:

(1) Development of agricultural mutuality as regards the credit for the buying of implements and products necessary for farming.

(2) The popularization of the use of motors in order to remedy the scarcity of labor.

---

# U. S. Army or Navy Red Cross or Y. M. C. A.

Letters of Credit are the safest and most convenient medium for carrying funds.

During the war we are issuing such Credits, *free of commission*, to officers and men in the U. S. Army and Navy, and to those engaged in Red Cross or Y. M. C. A. work.

*We have also sent our American representative to France for the convenience of our friends, with headquarters at the office of the Credit Commercial de France, 20 Rue Lafayette, Paris.*

## BROWN BROTHERS & CO.

Philadelphia

NEW YORK

Boston

## BROWN, SHIPLEY & COMPANY

Founders Court, Lothbury  
LONDON, E. C.

123 Pall Mall  
LONDON, S. W.

---

(3) Intensive use of chemical manure to give to the soil of France the means of obtaining results at least equal to those of the agricultural countries of North and Central Europe.

To give to the agricultural syndicates a greater extension, to assure them a civil capacity, in a word to favor their development, is to solve the first part of the problem. The use of machinery as is the rule in Canada, the United States, Argentina and Australia, should be also extended and encouraged as much as possible. As to the question of chemical manure, there is no doubt of its necessity in old countries, where the soil is somewhat exhausted. It is known that Germany and other European countries (Great Britain, Holland, Denmark, etc.) have succeeded in obtaining better results by such means, although the quality of their soil is not comparable with that of France.

### REPARATION OF THE OCCUPIED TERRITORIES

The French Senate has recently adopted the design of a bill concerning

the reparation of the damages caused by the war. It will be remembered that the Administration had considered this question at the beginning of the war and that an article of the finance bill of December 26, 1914, affirmed the principle of reparation and hinted at a posterior law which would adjust all the details concerning it.

The report of Mr. Reynard, the chairman of the commission charged with the formulation of the bill, is worth relating on account of its democratic and humanitarian conceptions. First of all, one finds the juridical foundation of the bill, that "the Republic proclaims the equality and the solidarity of all French in bearing the burdens of the war." The second article specifies that "the damages caused by the war to goods, movable or immovable, give the right to integral reparation, without prejudice to the right of the French State of reclaiming the amount from the enemy, according to The Hague Convention of October 18, 1907, provided that these damages are sure,

**The  
National Shawmut Bank  
of Boston**

**Foreign Banking**



**Capital . . \$10,000,000**  
**Surplus . . 7,000,000**  
**Undivided Profits 2,100,000**

Complete service to banks throughout the country in all branches of Domestic and Foreign business.

Commercial and Travelers' Letters of Credit; Collection of Foreign Drafts. Foreign Exchange and Cable Transfers purchased and sold.

**CORRESPONDENCE INVITED**

material and direct." The term "direct damages" excludes the losses necessarily implied by the duration of the war, such as losses of income, failures of gain, deprivation of benefits, etc. The third article declares that a special bill will deal with the losses sustained by the railroad companies. The fourth article discusses the question of indemnity. Immovable property will be judged by the amount of the loss suffered estimated the day before the mobilization. The damages caused by the loss of titles or coupons of the French State are repaired by the conferring of titles or coupons of the same nature given as substitution. If there are other French titles or coupons than those issued by the State or foreign titles and coupons, whose restitution could not be obtained in France, by legal means, the damages are repaired in the measure of the loss sustained, estimated accord-

ing to the last current price before July 30, 1914; or, in default of quotation, by a direct estimate.

The indemnity representing the loss suffered, which is due to all, will be represented by a title. This title will allow the payment in ten annuities, with the provision that the first annuity will be equal to twenty-five per cent. of the total amount. This applies to those losers who do not reinvest their lost properties. But when the loser replaces his property, the payments will be made in shorter time. Thus he will not draw annuities separated by an interval of one year, but amounts frequently renewed according to the requirements of the rebuilding.

**FINANCIAL SITUATION OF THE CITY  
OF PARIS**

The expenses of the City of Paris have unusually advanced since the beginning of the war. Among the reasons of exceptional expenses are: the rise of salaries, the indemnities for the high cost of living, the service of supply, and public assistance under all its forms. Although these extraordinary expenses absorb the attention of the municipal assembly, yet they have no serious influence upon the general financial situation and the credit of the City of Paris. In France as well as abroad this credit is appreciated. The loan contracted in the United States by the city on the state's account is a splendid proof. This loan of fifty million dollars was effected in October, 1916.

The City of Paris has from the be-

**NOYES & COMPANY**

Established 1879

**Foreign Bills**  
**Government and Municipal Bonds**

**8, Place Edouard VII.**  
**PARIS - FRANCE**

# ***The First National Bank of Chicago***

welcomes and appreciates the accounts of banks and bankers. Its extensive clientele, developed during more than fifty years of consistent, considerate service, is splendid endorsement of the agreeable and satisfactory relations maintained with correspondents.

**Capital and Surplus, \$22,000,000**

**JAMES B. FORGAN**  
*Chairman of the Board*

**F. O. WETMORE**  
*President*

ginning of the war resorted to "extraordinary" financial measures. Since the floating debt has advanced little by little, the municipal council and the Prefect of the Seine realized the necessity of consolidating it. At the end of 1916 the debt amounted to 590 millions of francs. Consequently a loan was decided and authorized by the decree, of April 5, 1917. However, this loan, issued under the form of obligations reimbursable within five years, cannot be regarded as a consolidation in the strictest sense of the word. The loan of 1917 calls for interest paid to creditors to the amount of 35,111,000 francs, to which one should add 3,671,000 francs representing the present taxes affecting the bonds and of which the city has taken charge. The total amounts thus to 38,782,000 francs. The burden amounts in the end to 6.7 per cent., redemption not included.

The consolidation of the floating debt of the City of Paris still remains a financial problem.

## **THE BANK OF FRANCE**

Mr. Klotz, the French Minister of Finance, has proposed a bill prolonging the privilege of the Bank of France for twenty-five years, beginning January 1, 1921, and asking for the approval of the special convention that he concluded last October with Mr. Pallain, the governor of this institution.

The bill of April 22, 1806, gave to the Banque de France the investiture of the state in reserving to the Government the appointment of its governor, of its two under-governors and, later on, of its leading officials. Since that time, although being the private property of its stockholders, the bank has always worked under the control of the state.

Since 1880 the monetary policy of the Bank of France has been constantly directed towards the increase of its gold reserve. The following table shows us the results of this policy:

# The Bank of the Philippine Islands

(ESTABLISHED 1851)

No. 10 PLAZA DE CERVANTES

MANILA, P. I.

JNO. S. HORD, President

E. SENDRES, Vice-President

(\$0.50=1 peso)

Authorized Capital . . . . (pesos) 10,000,000.00

Capital fully paid-up . . . . . 4,500,000.00

Reserve Funds . . . . . 1,775,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

Interest allowed on fixed deposits and current accounts accepted on terms which may be had on application.

BRANCHES: ILOILO AND ZAMBOANGA

## AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

Years.	Metallic Gold.	reserve. Silver.	Notes issued. (Millions of francs.)	Discounts & advances.	Current accounts.	Advances to the State (act of 1914.)
1881 .....	604	1,210	2,576	1,415	468	...
1890 .....	1,256	1,257	3,060	919	402	...
1900 .....	2,103	1,134	4,034	1,367	437	...
1910 .....	2,400	862	5,198	1,527	548	...
1913 .....	3,343	629	5,665	2,255	569	...
1914, end of July ..	4,141	625	6,683	3,661	1,072	...
1915, end of June ..	3,927	373	12,105	3,155	2,275	6,000
1915, end of Dec. ..	5,015	352	13,909	3,416	2,114	5,000
1916, end of June..	4,763	344	15,806	3,123	2,273	7,900
1916, end of Dec. ...	5,076	295	16,679	3,276	2,260	7,400
1917, end of June ..	5,285	260	19,823	2,885	2,733	10,600
1917, 13 Dec. ....	*5,340	246	22,821	3,114	2,883	**12,800

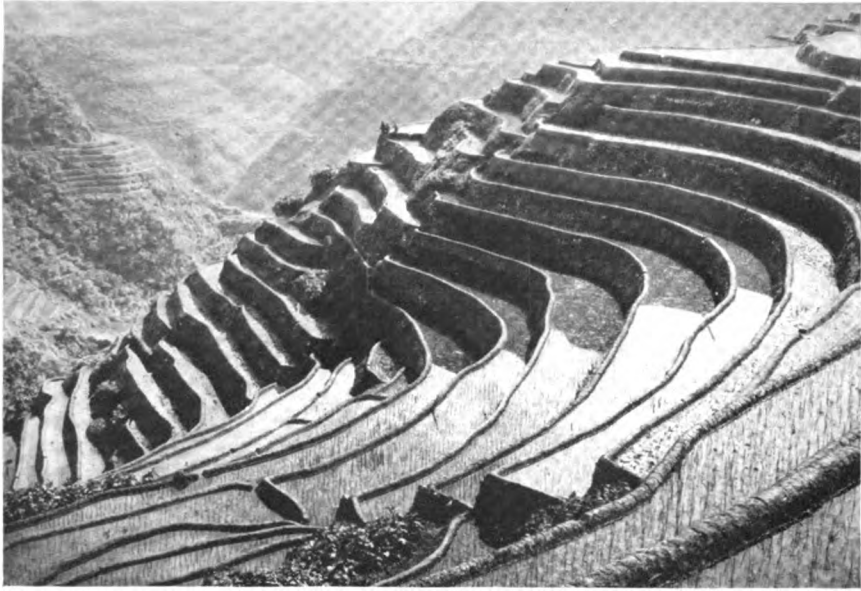
\*Of which 3,303 millions in the bank and 2,037 millions in deposit abroad.

\*\*Not included 3,205 millions advances to the Allied Governments.

This table is a real page of history, since it enables us to see how the war treasury was constituted before the conflict, and the importance, since the beginning of hostilities, of the financial aid that the great establishment of emission has given to the French State as well as to the allied states.

To a country exposed to foreign aggression, for this was the case with

France, always menaced by Germany—an important gold reserve meant not only a factor of economic and financial stability, but it also represented a military force of high value. From this point of view the financial preparation of the war did not escape the attention of the bank administration. Thus the gold reserve, which was on January 1, 1913, only 3,194 millions of francs, had



Intensive Irrigation of Rice Terraces in the Philippines



## PHILIPPINE NATIONAL BANK

MANILA, P. I.

New York Agency: Woolworth Building



been successively increased till it reached 4,141 millions July 30, 1914; and this augmentation of almost one billion, obtained by notes issued by the bank, did not cost anything, either to the state or to the public.

The Bank of France had also foreseen the monetary crisis which would follow the announcement of the general mobilization, so that it accumulated spontaneously, a stock of 1,500 millions of francs of notes of 20 fr. and 5 fr., which were sufficient, when the event took place, to ward off all difficulties. Of course the bank had also taken its precautions concerning the distribution of small notes, which, in the event of mobilization, had to be done at short notice. All its branches were supplied with them beforehand, and on a simple telegraphic notice the issue began in the whole territory. This was of extreme importance, for independently of the needs of the public, the amounts necessary for the immediate needs of the mobilization had to be placed at the

disposition of the military authority in the different centres of concentration. Indeed, since more than fifteen years, it was agreed between the Government of the Republic and the Bank of France that the bank, in case of war, give to the state its financial assistance in order to facilitate the treasury services in effecting the general mobilization. Such agreements were prepared and signed without costing anything to the treasury during peace time and involving only a very small interest in case they should become effective. Among the factors which had secured the marvelous success of the mobilization, the instructions of the Bank of France were not the least important.

### INCOME TAX

The income act of July 31, 1917, creates new taxes on the following incomes:

(1) On the industrial and commercial benefits.

# London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Paris Branch: 16 Rue Halevy.

Antwerp Branch: Temporarily in London.

	(\$5 - £1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,000,000

## DIRECTORS.

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The Hon. HUGO BARING.  
WILLIAM T. BRAND, Esq.  
JOHN G. GRIFFITHS, Esq., M.V.O.

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## LONDON BANKERS.

THE BANK OF ENGLAND.

THE LONDON COUNTY AND WESTMINSTER BANK, LTD.

## BRANCHES IN SOUTH AMERICA :

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.  
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency . . . 51 Wall Street,

W. R. ROBBINS, AGENT.

(2) On the benefits of agricultural cultivating.

(3) On stipends, salaries, pensions, and life-annuities.

(4) On the benefits of uncommercial professions.

(5) On the incomes of credits, deposits, and securities.

The rates of the income taxes are:

For land and property tax, five per cent. (an augmentation of one per cent.); for industrial and commercial benefits, four and fifty-hundredths per cent; for benefits of agricultural cultivation, three and seventy-five-hundredths per cent; the same rate for stipends, indemnities, life-annuities and benefits of uncommercial professions. Finally, the general income tax is raised from ten per cent. to twelve and one-half per cent.

It is worth mentioning that pensions and life annuities under 1,251 francs are exempted from taxes. Also stipends, indemnities, salaries, etc., be-

low 1,501 francs in communes of less than 10,001 inhabitants; under 2,501 francs in communes from 10,001 to 100,000 inhabitants; under 2,501 francs in communes of over 100,000 inhabitants; under 3,001 francs in Paris and its environs.

## THE BLOCKADE

The question whether an absolute blockade imposed upon Germany at the beginning of the war would have shortened the world struggle, has often been discussed in the allied countries. A brief article on the subject in the "Economiste Européen," signed by its eminent editor, M. Edmond Théry. In normal times Germany had to import one-third of the products necessary to her sustenance, of which she imported nine-tenths from Russia and the over-sea countries. Moreover she needed: 186,000 tons of copper; 22,000 tons of lead; 180,000 tons of zinc; 22,000 tons of tin; 1,290,000 tons of petroleum, essences and lubricating oil. Be-

# American Manufacturers

seeking a location in Canada will find it of particular advantage to consult with the New York Agency of the Union Bank of Canada. This bank has

**310 Branches and Agencies  
Throughout the Dominion**

Information given respecting best locations, sites, labor conditions, transportation facilities, etc. Negotiations and enquiries conducted in strict confidence.

## Union Bank of Canada

**Head Office, Winnipeg**

**New York Agency  
49 Wall Street**

**Capital and Surplus, \$8,500,000**

**Geo. Wilson } Agents  
F. T. Short }**

sides these products, Germany required yearly from foreign countries: 780 millions francs' worth of cotton, 650 millions of woolen, 720 millions of leather, 494 millions of mineral stuffs, for her chemical industry; 230 millions of rubber, and more than 600 millions of fat elements and oleaginous grains; that is, about three and one-half billion francs' worth of raw materials, which were as essential to sustain the war as the metals and the food products. M. Théry raises the question that, supposing the Allies had exerted from the beginning of the year 1915 a blockade upon the Central Powers as rigorous as that exerted by the Prussians on Paris during the state of siege in 1870-71, what would have become of the military power of Germany and Austria-Hungary? All military critics are of the opinion that an integral blockade would have considerably reduced the force of resistance of the enemy. Unfortunately, the countries bordering upon Germany remained for some time

almost free to import all they wanted; and the German commercial agents profited by this situation by pouring into Germany, a large stream of contraband goods, which permitted that country to pass over the most critical period for her—the first year of the war. Thus cotton had been declared contraband only one year after the opening of hostilities.

The entrance of the United States into the war, M. Théry points out, has fortunately modified the situation, since a good part of the contraband merchandise was of American origin. Since the war declaration against Germany, the Administration of President Wilson has adopted severe measures concerning the blockade, and the decision taken by the inter-allied conference "of extending in a general manner the principles laid down since the end of last July by the American Government," gives us the certainty, says M. Théry, that the blockade against the Central Powers will become more and more effective.

# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	.	.	\$12,500,000
Paid-up Capital	-	.	2,750,000
Reserve Capital	.	.	3,500,000
Subscribed Capital	.	.	6,250,000
Reserves	.	.	1,977,235
Surplus over Liabilities	.	.	8,227,235

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

"But this should not make us forget our own situation; we ought to impose upon ourselves greater alimentary and other restrictions, and not only carefully to manage the whole of our resources, which are dwindling, but also because every ship of cereals or products destined to the civil consumption, that we shall spare from America, will be replaced by a ship of soldiers well armed and well equipped, coming to fight on our side, for the cause of right and justice."



## African Banking Corporation

THE forty-eighth ordinary general meeting of the members of the African Banking Corporation was held January 24 in London, the chairman, the Right Hon. the Earl of Selborne, K.G., presiding. Reviewing the progress of the bank for the past year, the chairman said:

Now, ladies and gentlemen, if you will turn with me to the balance-sheet, I will briefly run over the figures with you. The cash is £1,730,072 16s. 11d., or about £472,000 more than last year. It is really larger than we care to see, and is caused partly by the difficulties exporters have of getting shipping for export of produce from South Africa. Securities are £784,313 14s., or about £130,000 lower than last year, and this has been caused by sales in the ordinary way. Securities are taken in at market valuations, all depreciations having been fully provided for. Bills of exchange are £2,069,616 17s., or about £782,000 up. This is partly accounted for by the increased cost of South African export, and also because—the liquid position being so strong—all our bills were in hand and we had no discounts. Bills discounted, loans, and advances are £3,449,185 19s. 10d., or about £14,000 less. This is merely a nominal fluctuation. Acceptances, etc., are £176,352 16s. 5d., or about £191,000 less, which is also accounted for by the fact that we had no discounts. Bank premises, etc., are £205,384 3s. 7d., which is practically the same as last year, and I may say that all our premises are kept in thorough repair, no false economy being exercised in that respect. That, ladies and gentlemen, is the asset side of the balance sheet, and it shows a strong liquid position. If you reckon the percentage, you

# Your Foreign Business

In your banking business—foreign as well as domestic—you need the services of a progressive and strong banking institution. Our Foreign Department is equipped to finance your imports along modern, efficient and economic lines and provide you with any other medium of foreign exchange.

Please command us.

*Member of New York Clearing House Association*

*Member of the Federal Reserve Bank of New York*

## Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

will see that our cash and securities equal over 37 per cent. of our deposits on the other side, and if you include also the bills of exchange, which are maturing from day to day, you get over 68 per cent. If you will now look at the liability side you will see that our capital remains at £600,000. The reserve is up to a quarter of a million, as we are able to put £30,000 this year as against £10,000 last year to the credit of this account. Note circulation is £332,357, or £107,000 up. This is a good sign of a more active circulation of paper money, and indicates an economy of the use of specie. Deposits, etc., are £6,722,172 10s. 1d., or an increase of about £986,000, and this is very practical evidence of an increasing and expanding business. Drafts issued, etc., are £258,581 9s. 1d., or about £19,000 down. Rebate is £22,722 4s. 2d., or £4,100 more than last year, accounted for by more rebate on the increased bills we have dealt with.

The total figures of the balance-sheet are £8,414,926 7s. 9d., and they bear convincing evidence to the growth and extension of our business; they also indicate the soundness and expansion of the commercial and agricultural position of South Africa, notwithstanding the ravages in other parts of the world caused by the war. If you will now look at the profit and loss accounts, you will see that the increase of our business

has naturally yielded better results. The gross profits, after deducting interest on deposits and bonus to staff, and providing for income-tax and all bad and doubtful debts, are £274,946 6s. 7d., as against £234,452 18s. for last year—an increase of £40,693 8s. 7d. If you add the balance brought in from last year, the total is £303,789 0s. 1d. Allowing for charges, rebate, appropriations to staff fund, and depreciation of furniture, also for the £30,000 I have already mentioned as being credited to reserve, there remains a balance of £73,740 8s. Out of this an interim dividend at the rate of 7 per cent. per annum was paid in July, and we now pay a further dividend at the rate of 8 per cent. per annum, making  $7\frac{1}{2}$  per cent. for the year, and we carry forward to next account the balance of £28,740 8s., and that, I venture to think, ladies and gentlemen, is a satisfactory state of affairs.



## The Largest British Bank

BY the union of the London Joint Stock Bank with the London City and Midland Bank, under the title of

# THE BANK OF CHOSEN

*Incorporated by Special Charter of Imperial Japanese Government*

(\$0.50 — 1 Yen)

**Subscribed Capital, Yen 20,000,000**

**Paid-Up Capital, Yen 12,500,000**

**Head Office, Seoul, Korea**

***Principal Branches:***

**KOREA:** Chemulpo, Pyongyang, Wonsan, Fusan

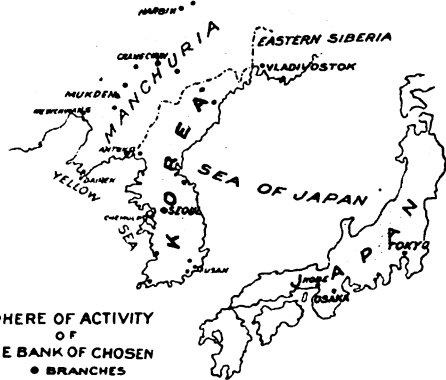
**MANCHURIA:** Mukden, Tieling, Liaoyang, Ryojun (Port Arthur), Dairen, Changchun, Newchwang, Harbin, Antung

**JAPAN:** Tokyo, Osaka, Kobe

**CHINA:** Tsingtau

*Affiliated Bank:*

**VLADIVOSTOK:** Matsuda Bank



***Principal American Correspondents:***

Guaranty Trust Company of New York  
Irving National Bank, New York  
National City Bank of New York  
National Bank of Commerce in New York

Yokohama Specie Bank, New York and San Francisco  
Canadian Bank of Commerce, San Francisco and Seattle

the London Joint City and Midland Bank, an institution is created with deposits of some £280,000,000, exceeding those of any other bank in the United Kingdom.

In connection with the absorption of the London Joint Stock Bank by the London City and Midland, Sir Edward Holden, chairman of the latter, states that negotiations leading up to the merger had commenced before the Government announced its intention of appointing a committee to inquire into the advisability of bank amalgamations.



## Important British Bank Merger

**A**NNOUNCEMENT was made recently in London of the merger of Paris Bank with the London County and Westminster Bank, the combined institutions having £178,000,000 deposits.

## Lloyds Bank Monthly Financial Report

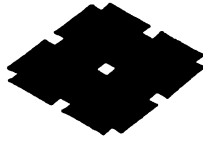
**T**HE practice of issuing a monthly review of business and financial affairs is increasing among the banks of this and other countries. One of these publications deserving of very high rank is put out by Lloyds Bank of London. Its contents embrace many weighty subjects, which are treated in an able and interesting manner.

Lloyds Bank now has nearly 900 offices in England and Wales, and also several offices in Paris and other French cities.



## Manchester and Liverpool District Banking Company

**D**IRECTORS of this institution reported to the shareholders on January 18 that net profits for the year ending December 31, 1917, were £441,-



# **The Sumitomo Bank, Ltd.**

begs to announce the opening of a

## **New York Agency**

**At 149 Broadway (Singer Building)**

**Capital Subscribed . \$15,000,000**

**Paid-up Capital and Surplus 10,425,000**

**Deposits (Dec. 31, 1917) 90,000,000**

**Head Office, Osaka, Japan**

**BARON K. SUMITOMO, President**

## **BRANCHES**

**In all commercial centers of Japan, and in San  
Francisco, Seattle, Honolulu, Shanghai,  
Hankow, Bombay and London**

**This Agency is prepared to issue Drafts,  
Letters of Credit ; negotiate or collect bills  
payable in Japan and also in all important  
commercial centers of the world.**

**S. IMAMURA, Agent**

# Current Investment Offerings

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**Trustees or Savings Banks  
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**Redmond & Co.**

**33 Pine Street**

**New York**

641, which was increased to £521,714 by the amount brought forward. Out of this sum two dividends at the rate of seventeen and one-half per cent. per annum were paid, £50,000 was added to the reserve fund and £139,914 carried forward.

Organized in 1829, the Manchester and Liverpool District Banking Company, Limited, has £1,896,000 paid-in capital, £1,250,000 reserve fund and £47,606,635 total assets. Manchester, England, is the head office.



## Capital and Counties Bank

**N**ET profits of the Capital and Counties Bank, for the twelve months ending December 31, 1917, as presented to the shareholders at the annual general meeting in London, January 23, were £396,776, increased to £484,067 by the amount brought forward from previous year. Dividends

absorbed £245,000; £25,000 was applied to reduction of premises, and £10,000 to officers' superannuation fund, leaving £204,067 to be carried forward.

The Capital and Counties Bank was established in 1834. It has £1,750,000 capital paid in, a reserve fund of £800,000 and total assets of £62,767,771.



## London Joint Stock Bank

**T**HE one hundred and fifty-fourth report of the London Joint Stock Bank, Limited, presented at the shareholders' meeting on January 24, showed that after making the customary provisions, the profit for the year, including £50,323 brought forward, was £662,428. Two ten per cent. dividends absorbed £297,000, while £200,000 was added to reserve fund. There was carried forward £125,428, after making allocations to reduction of premises ac-

count and the superannuation allowance fund.

The paid-up capital of the London Joint Stock Bank is £2,970,000, the reserve fund £1,325,000, and total assets £65,698,411.



### Hibernian Bank

**D**ECEMBER 31, 1917, the Hibernian Bank, Limited, whose head office is at Dublin, showed a balance-sheet aggregating £7,584,954. Net profits for the last half-year were £27,528, and this sum was increased by £10,057 brought forward from the preceding half-year. The directors recommended that £10,000 be placed to the credit of investment account, that £17,500 be applied to dividends, leaving £10,086 to be carried forward.

The Hibernian Bank was established in 1828, and now has £500,000 paid-up capital, and a reserve fund of £125,000.



### Barclay's Bank, Limited

**W**HEN the annual general meeting of shareholders of Barclay's Bank was held in London on January 24, a report was presented showing that net profits for the year ending December 31, 1917, amounted to £1,182,143, and this increased by the amount

## American Finance in War Time

Interesting Digest of Financial  
News and Important Happenings During 1917.

We shall be pleased to send  
you this booklet upon request.

**Knauth·Nachod & Kuhne**

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120 Broadway  
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brought forward was £1,303,081. Besides dividends and bonuses, the following allocations were made: reduction of premises account and payment for buildings, £80,000; reserve for staff pensions, £40,000; contingency account, £350,000; staff widows' fund, £100,000. There was carried forward to next account £186,373.

The paid-in capital of Barclay's is £4,594,443, the reserve fund £2,200,000, and the total assets on December 31, 1917, £138,013,481.



### Union Bank of Manchester

**A**S of the 31st December the balance-sheet of the Union Bank of Manchester (England) showed total resources of £13,011,689.

Profits for the last half-year, less

## Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

**\$10,000,000**

PARIS · FRANCE

# BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches : STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 48 other  
Places in Sweden

Capital Paid Up . . . Kr. 30,000,000  
Surplus About . . . Kr. 15,000,000  
Resources About . . . Kr. 260,000,000

(\$0.26 = 1 Kr.)

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

*Inquiries and applications for terms are cordially invited and will find prompt attention*

Principal New York Correspondents { The Mechanics & Metals National Bank  
The National City Bank of New York

expenses, were £96,921, which added to the balance from last half-year gave a total of £117,947.

The Union Bank of Manchester was established in 1836. Its paid-up capital is £550,000 and reserve fund £355,000.



## West Yorkshire Bank

AT the eighty-eighth annual ordinary meeting of the West Yorkshire Bank, held at the head office in Halifax (England) January 30, the directors submitted a report to the shareholders showing net profits for the year £91,702, which added to the amount forward from last account gave a total of £102,086. After providing for dividends, £30,000 was added to the reserve fund, and £18,753 carried forward to next account.



## New Branches of Branch of British West Africa

CONTINUING the progressive policy which has marked the direction of this bank, the Bank of British West Africa, Limited, announces the opening of two new branches in Morocco, at Saffi and Fez. The bank's other branches in Morocco are situated at Tangier, Cassablanca and Mazagan, while it has also branches at the Canary Islands, and throughout West Africa. Its New York office is at No. 6 Wall street, in charge of Mr. R. R.

Appleby. The head office of the bank is in London, with branches in Liverpool and Manchester.



## National Discount Company

ACCORDING to the one hundred and eighteenth report, submitted to the shareholders at the ordinary annual general meeting in London, January 21, the National Discount Company, Limited, earned gross profits for the year ending December 31, 1917, amounting to £513,697, and this added to amount brought forward gave a total of £547,549.

After providing for all charges, and reserving £404,499 2s. 11d. for rebate of interest on bills not matured, there remained the sum of £115,585 3s. 2d. From this amount was deducted the interim dividend, for the half-year to 30th June last, of five shillings per share, less income tax, absorbing £31,749 18s. 9d., leaving £83,835 4s. 5d. for appropriation.

From this £38,099 18s 6d was applied to the payment of a final dividend of six shillings per share, less income tax, making eleven per cent. for the year, carrying forward £45,735 5s. 11d. to next account.

The National Discount Company, Limited, has a paid-up capital of £846,665, and a reserve fund of £450,000. Its deposits and sundry balances on December 31, 1917, were £21,141,490; bills discounted, £28,000,608; total assets, £32,523,729.

# THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized	. \$7,500,000
Paid-up	. . . 2,812,500
Reserve Fund	. . . 3,000,000

**BANKERS:** Bank of England; London Joint-Stock Bank (Limited)

*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius*

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

## Standard Bank of South Africa

**T**HE directors of the Standard Bank of South Africa have advised W. H. Macintyre, agent in New York, that they have resolved, subject to the results of audit, to recommend to the shareholders' meeting on April 24, that a dividend be declared for the last half year at the rate of fourteen per cent. per annum, with a bonus of one shilling four pence per share, both subject to the income tax, making a total distribution of fifteen and one-third per cent. for the year 1917. It was also recommended that £10,000 be appropriated to writing down investments, £25,000 to reduction of bank premises, £30,000 added to officers' pension fund, leaving about £200,000 to be carried forward.



## Federal Reserve Bank of New York and Bank of Japan

**F**EELING it desirable to establish mutual relations, so as to come to a general understanding with respect to monetary movements during and after the war and to confer with each other as occasion may require, the Federal Reserve Bank of New York and the Bank of Japan have consummated arrangements for transacting such business as may develop from time to time.

This relationship was effected following recent negotiations with Baron Tanerato Megata, Financial and Economic Commissioner of the Imperial Japanese Government, and Itsuo Ham-

aoka, of the Bank of Japan, and is in line with the general policy adopted some time ago by the Federal Reserve Board.



## A Growing Chinese Bank

**T**HAT western banking methods will flourish in China is proved by the success of the Shanghai Commercial and Savings Bank, which was established and is run exclusively by Chinese. Capitalized at \$100,000 in 1915, the bank now reports deposits to the amount of \$1,596,057 and savings accounts to \$72,031. Capitalization has been increased to \$300,000. The bank is run along western lines and handles all the ordinary business of a western bank. Even the ladies' departments of the banks of the larger American cities have their replica here. Like several of the New York banks, also, the Commercial and Savings Bank maintains an evening school for the purpose of educating its employees in the theory and practice of banking. It is planned hereafter to send two graduates of the banking school every year to the United States for post-graduate work in some New York banking house.



## Union Bank of Australia

**S**HAREHOLDERS of the Union Bank of Australia, Limited, met at the head office of the bank in London, January 28. The balance sheet as of August 31, 1917, was submitted, ex-

# MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY,  
President

K. M. VAN ZANDT, Jr.,  
Vice-President and Manager

H. C. HEAD,  
Cashier

FCO. COUDURIER,  
Asst. Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

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hibiting net profits of £233,503, including £73,133 brought forward. Of this amount £20,000 was added to the reserve fund, making the total £2,000,000. After making the allocations for dividends and bonus, £73,503 was left to be carried to next account.

The Union Bank of Australia was established in 1837 and incorporated in 1880. Its paid-up capital is £2,000,000, the same as the present reserve fund, and total assets on August 31, 1917, were £30,175,351. A. H. Chambers, of Melbourne, is the general manager.



## China's Growing Foreign Trade

IN the opinion of "The Statist" of London, China, although possessing immense man power, is not in a position at present to take part in European military operations. It is pointed out, however, that the economic position of China continues to improve and that with the new prosperity the United States has been buying upon a very large scale from China, amongst other countries. And it is noteworthy that she—so great a grower of cotton—has been buying cotton on a large scale from China. It may be worth while to quote a few figures to show how remarkable has been the influence of the increased prosperity of the United States and Japan upon China. Possibly the rejection of the Manchus may likewise have helped—not that a mere change of dynasty or form of govern-

ment alters profoundly the economic condition of a country. But the rejection of the Manchus was effected when Chinamen were beginning to re-awaken, and when harboring a dream that China might once more play a leading part in the politics of the world. Anyhow, it is worth noting the improvement that has been going on in the external trade of the great empire. In 1907 the value of the exports of all kinds was 264,381,000 Haikwan taels. In 1913, the last complete year of peace, they had risen to 403,306,000 Haikwan taels, being an increase of as much as 138,925,000 Haikwan taels, or fifty-two and six-tenths per cent. For the year 1916 they had increased further to 481,797,000 Haikwan taels, an increase in three years of as much as 78,491,000 Haikwan taels, or nineteen and four-tenths per cent.



## Mercantile Bank of the Americas

ON February 4 the Banco Mercantil Americano do Brazil opened for business at Para. This institution is affiliated with the Mercantile Bank of the Americas, whose New York office is at 38 Pine street, and which has established a number of important banking connections in several South American countries. Through the Banco Mercantil Americano do Brazil American manufacturers seeking trade in Northern Brazil will be provided with all required banking facilities.

# Banking and Financial Notes

## FRANK C. MORTIMER, ASSISTANT CASHIER OF THE NATIONAL CITY

Frank C. Mortimer, who has been identified with banking interests in California for the past twenty years, but who recently entered the service



FRANK C. MORTIMER

Newly appointed Assistant Cashier National City  
Bank, New York

of the National City Bank, New York, as San Francisco representative, has been appointed an assistant cashier and has been assigned to duty at the main bank.

His successor in the San Francisco office of the National City Bank is S. E. Albeck, assistant vice-president.

## EDUCATION FOR BANK MEN

New York Chapter of the American Institute of Banking has just completed

the first half of its 1917-1918 educational programme, which was one of the strongest and most beneficial ever presented to its membership. While the trend of the times is toward the curtailment of non-essentials, it is refreshing to know that education is not included in that category.

With about ten per cent. of its active membership in the service of the nation, the chapter is still able to announce that at the beginning of its winter term last October there were over eight hundred enrollments in its various educational courses, the highest registration ever achieved in the history of the chapter.



*The Branch*  
*Our first President*

## Merchants National Bank

RICHMOND, VA.

Capital . . . . . \$400,000  
Surplus and Profits over 1,000,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$800,000

## OFFICERS

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WILLIAM HARKNESS,  
D. W. McWILLIAMS,  
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

*Vice-Presidents*

THOMAS BLAKE, *Secretary*  
HOWARD D. JOOST, *Assistant Secretary*  
J. NORMAN CARPENTER, *Trust Officer*  
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

The outlook for the second term, which is just commencing, is equally bright and New York Chapter looks forward with pride to the closing months of its banner year.

The courses offered were many and varied, but all of them tended directly to increase the efficiency and knowledge of the bank man and imbue him with the thoughts necessary to make him appreciate the opportunities of his profession.

One outstanding feature has been the successful introduction of extension courses in some of the city banks under the auspices of the Chapter, a field

which offers large opportunities for future development and will undoubtedly increase the influence of the chapter in many directions.

The announcement was recently made of the appointment of B. P. Gooden as assistant secretary of the Mercantile Bank of the Americas. Mr. Gooden has been with this institution since last spring, going there from the New Netherland Bank where he held the title of assistant to the president.

Mr. Gooden is a graduate of New York Chapter of the American Institute of Banking, of which he has been an active member for several years. He was the first vice-president of the chapter last year and also chairman of the educational committee. At the present time Mr. Gooden is a member of the chapter's board of governors.

\* \* \*

## HE WANTED TO BE SAFE, TOO

Owing to the fact that the light on an officer's desk in one of the larger Philadelphia banks was out of order an electrician was summoned. Shortly a handy man with his assistant from a nearby electrical shop appeared and stated that they had come to fix the light. They were led up to the officer's desk upon which lay a large pile of securities and money. For several moments the handy man and his assistant looked at the pile of securities, which immediately prompted the officer to call a bell-boy.

"Here," he said, handing the securities and the money to the boy, "take these out to the cage where they will be safe."

The handy man quickly turned to his assistant.

"Here," he said, "take this watch and money of mine back to the shop. It seems that this office isn't safe."

## JOINS BOND DEPARTMENT

William Clements, for many years with the Dry Dock Savings Bank and an active worker in the New York Chapter of the American Institute of Banking, has recently joined the bond department of the National Bank of Commerce in New York.

## A PRACTICAL THEME ABLY DISCUSSED

"Coöperative Organization" was ably presented as the subject of an address before the Retail Clothiers Association of New York on February 6, by G. A. O'Reilly, foreign trade representative of the Irving National Bank. Commu-



# The Chemical National Bank of New York

(Established 1824)

**Capital, Surplus and Undivided Profits, \$11,500,000**

## A Service to Banks

Weighty problems involving questions of finance and business, unknown before the war, now frequently present themselves for solution, demanding quick decisions based on accurate judgment.

In order to meet these conditions, our functions have been enlarged to include a Service which, upon request, acts in advisory capacity to Banks and Bankers.

Interest paid on Balances of Banks, Time  
Deposits and Special and Reserve Accounts.

### Correspondence solicited

H. K. Twitchell, President  
Percy H. Johnston, Vice-President  
Francis Halpin, Vice-President  
I. B. Hopper, Vice-President  
E. H. Smith, Cashier

James L. Parson, Assistant Cashier  
J. G. Schmelzel, Assistant Cashier  
John B. Dodd, Assistant Cashier  
Samuel T. Jones, Assistant Cashier  
H. M. Rogers, Mgr. Foreign Dept.

### DIRECTORS

Frederic W. Stevens  
W. Emlen Roosevelt  
Robert Walton Goeltz

Charles Cheney  
Arthur Iselin  
Frederic A. Juilliard

Ridley Watts  
Herbert K. Twitchell  
Percy H. Johnston

nity of interest on a practical basis, the elimination of non-essentials from our business life, and common participation in opportunities and responsibilities were points of great strength brought out in the address.

### FOREIGN BANKING ACCOMMODATIONS

The Guaranty Trust Company of New York is offering to banks throughout the country an arrangement under which their depositors who go to France in the service of the nation can have, to a considerable degree, the banking accommodations to which they have been accustomed at home. The offer is made to all banks, whether they are customers of the Guaranty Trust Company or not. Under this plan depositors of banks which avail themselves of this service may take their check-books abroad and use them as they would at home, drawing checks on their home banks, up to an agreed amount, and having them cashed at the

Paris office of the Guaranty Trust Company of New York, or at numerous correspondent offices throughout France. The depositor about to leave for foreign service needs only to obtain from his bank the proper letter of introduction in order to make his home checking account available on the other side. It is the belief of the trust company that the offer will make a wide appeal in view of the simplicity of the arrangement and considering the difficulties which Americans abroad have experienced in the past when they wanted to cash checks.

### GUARANTY SECURITIES CORPORATION

The statement of condition as of December 31, 1917, of the Guaranty Securities Corporation shows the magnitude of the operations of this company, which is now installed in its new offices at 244 Madison avenue, New York.

Its total resources at that time were \$8,280,891.95, consisting of \$1,632,969.93 in cash on hand and in trust,



## 100 YEARS OF COMMERCIAL BANKING

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President

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**H. A. CLINKUNBROOMER**

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**ROLFE E. BOLLING**

Vice-President

**WALLACE T. PERKINS**

Vice-President

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Asst. Cashier

**VINTON M. NORRIS**

Asst. Cashier

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Vice-President

**BERT L. HASKINS**

Vice-Pres. and Cashier

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Vice-President

**MAX MARKELL**

Vice-President

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Vice-President

**HENRY L. CADMUS**

Asst. Cashier

**HENRY C. HOOLEY**

Asst. Cashier

**JOSEPH BROWN**

Asst. Cashier

**GEORGE M. HARD**  
Chairman

### ACCOUNTS INVITED

**Total Resources over \$90,000,000**

bills receivable, installment notes, etc., making up the balance of the assets. Besides capital of \$1,000,000, the company has a surplus of \$103,845.56 and reserve for credit losses, expenses and contingencies of \$46,314.05.

The accounts of the corporation are audited by Price, Waterhouse & Co.

### JOINS THE CLEARING HOUSE

The Farmers Loan and Trust Company was admitted to membership in the New York Clearing House Association February 18 and began making clearings on March 1. Its number in the clearing-house is 121.

### NEW ASSISTANT SUPERINTENDENT NEW YORK STATE BANKING DEPARTMENT

Frank S. Kenyon has been promoted from third deputy to first deputy State Superintendent of Banks of the State of New York, at a salary of \$6,000 a year. Judge Overocker, of Poughkeepsie, was appointed third deputy at a salary of \$5,000 to fill the vacancy caused by the promotion of Mr. Kenyon. Mr. Kenyon took the place made vacant by Governor Whitman's appointment of Mr. Skinner as Superintendent of Banks, Mr. Skinner having been first deputy for over fourteen years. Mr. Kenyon entered the banking de-

partment as third deputy Superintendent of Banks, under appointment by former Superintendent of Banks Eugene Lamb Richards, in March, 1916.

### LONDON OFFICES OF THE GUARANTY TRUST

The London office of the Guaranty Trust Company of New York at No. 32 Lombard street, E. C., has been officially designated as a United States depository to afford the necessary banking facilities to officers of the Army and Navy and other branches of the United States Government service while they are in England. The Paris office of the company at Rue des Italiens, 1 and 3, was similarly designated last November.

### "EXCESS PROFITS TAX MANUAL" ISSUED BY THE NATIONAL BANK OF COMMERCE IN NEW YORK

The National Bank of Commerce in New York offers in its latest book, "The Excess Profits Tax Manual," another publication of distinct value to commercial and financial interests. The manual contains the text of the Excess Profits Law, as enacted on October 3, 1917. It also presents the text of the official regulations of the Commissioner of Internal Revenue, under which the

**"The Bank That Service Built"**  
**THE**  
**SEABOARD NATIONAL BANK**  
**OF THE CITY OF NEW YORK**

<b>Capital</b>	<b>\$1,000,000</b>
<b>Surplus and Profits (Earned)</b>	<b>3,535,000</b>
<b>Deposits</b>	<b>65,847,000</b>

**S. G. BAYNE, President**

**C. C. THOMPSON, Vice-President**

**O. M. JEFFERDS, Asst. Cashier**

**B. L. GILL, Vice-President**

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**MICHAEL J. DEGNON**

**PETER McDONNELL**

**DAVID H. E. JONES**

**The success of this bank is founded upon a policy of painstaking,  
efficient and courteous service to all**

**ACCOUNTS INVITED**

excess profits taxes are to be assessed and collected. The reader, therefore, has at hand the text of the regulations and the sections of the law to which they refer.

The book is issued as one of a series presenting the texts of important legislation and official regulations promulgated by the Government. It is of convenient size, and ample marginal notes make it suitable for constant desk use.

**E. A. SCHROEDER WITH NEW YORK BANK**

E. A. Schroeder, formerly assistant cashier of State Bank of Chicago, has been appointed assistant cashier of the National Bank of Commerce in New York.

**WAR AN ECONOMIC STRUGGLE**

The "Financial Review and Outlook," published by the Mechanics and Metals National Bank of New York, contains this reminder that the war is largely an economic and industrial struggle:

It has been said so often that it is becoming a commonplace—yet it bears repeating a thousand times—that this whole great war is essentially an economic struggle before it is a military struggle; a struggle of materials first and men afterward. War's success originally was decided on the battle line by the strength of a soldier's muscle, by the prowess of the individual combatant. Now it is decided behind the battle line, by the output of industrial plants and the facility of transportation routes. The rate of munition output and the speed with which that output becomes effective are the determining factors of modern war.

**THRIFT THE STEPPING STONE TO SUCCESS**

Here is a concise sermon on the virtue of thrift appropriately appearing in the monthly review issued by the American Exchange National Bank of New York:

If to the other good qualities of the American people thrift could be added as a universal attribute, they would be happier, healthier and better balanced. Frugal habits must be acquired in youth. Success in life is based quite as much on self-denial as on enterprise and ability, and



**THE** need of a good New York  
Banking Connection is great to-  
day—perhaps greater than ever before.

**ATLANTIC NATIONAL BANK**  
257 BROADWAY, NEW YORK

CAPITAL, SURPLUS AND UNDIVIDED PROFITS \$1,800,000  
RESOURCES OVER \$20,000,000

success is never well assured and permanent without it.

Never before was the need of thrift so urgent—never before were the rewards of thrift so great. The nation must have the surplus dollars of its citizens to win the war and offers them means of investing small sums of money at remunerative rates of interest.

A child can set aside enough small coin to buy thrift stamps and fill a card. By investing in this way the poorest person secures the promise of the richest Government on earth to pay principal with compound interest at the rate of four per cent. in five years. This privilege of securing compound interest is not enjoyed by purchasers of Government bonds in large amounts. The Federal Government is trying to stimulate thrift by making it unusually attractive and profitable for people of small means. Twenty-five million Americans should invest an aggregate of two billion dollars in this way. If they do they will create a national habit of thrift such as saved France from ruin three times within a century.

Avoid spending money in ways that interfere with the production of war materials needed by our army and navy, but do not deprive industrial toilers of their livelihood. There is a happy mean of intelligent and constructive thrift which Americans should strive to attain.

**OUR GREAT FINANCIAL RESOURCES**

The financial strength of the United States is thus pointed out by A. J. Hemphill, chairman of the board of the Guaranty Trust Company, New York:

The United States is better prepared than ever in its history for the tremendous and constantly increasing financial strain which the war has put upon this country. Within the last decade we have acquired flexible currency facilities, a strong, centralized banking system, and more than one-third of the world's entire supply of gold coin and bullion—the basis of world credit.

Within four years, the Federal Reserve Bank has acquired resources in excess of \$3,000,000,000, and deposits aggregating more than \$1,800,000,000. It has become the largest banking institution in the world. And on this bank, perhaps, the winning of the war depends more than on any other one financial force.

Through the amendment of the Federal Reserve Act, which has permitted the expansion of our credit on an elastic yet sound basis, much of the recent vast growth in American industry, commerce, and finance has been made possible. To this fact, chiefly, may be attributed our ability to float loans for the belligerent powers

prior to our entrance into the war, by the absorption of their bonds, and our ability to repurchase American securities held abroad, to the approximate total of \$2,300,000,000.

Despite these repurchases and the lending of large sums of money to other countries, and the total of \$3,483,000,000 loaned by the United States Government to the Allies up to December 22 last, we have been able to more than successfully finance our business and our share of the war. For



A. J. HEMPHILL

Chairman of the Board Guaranty Trust  
Company, New York

example, individual deposits in all banks, national, State, savings, and trust companies increased from \$17,745,764,000 in 1913 to approximately \$26,000,000,000 on the corresponding date of 1917.

An even better conception of our vast financial resources may be gathered from a recent estimate which put our national income for 1917 at \$50,000,000,000. By practising conservation and true thrift—but not parsimony—these great resources should be ample to meet the war's burdens.

The tremendous increase in our production, and especially in the value of our products, has necessitated an increase of money in circulation from \$3,363,738,000 on July 1, 1913, to approximately \$4,850,360,000 on July 1, 1917.

## Resources

**\$17,000,000.00**

**If intelligent handling of items and low rates appeal to you send us your Buffalo business**



## Try our Service

**and you will be entirely satisfied**

**A. D. BISSELL, President**

**C. R. HUNTLEY, Vice-Pres.**

**E. H. HUTCHINSON, Vice-Pres.**

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**HOWARD BISSELL, Cashier**

**C. G. FEIL, Asst. Cashier**

**A. J. ALLARD, Asst. Cashier**

**G. H. BANGERT, Asst. Cashier**

# Collection Facilities Most Complete

## Citizens Commercial Trust Company

BUFFALO, N. Y.

**Capital and Surplus - \$2,500,000.00**

**Resources - - - 22,000,000.00**

**MEMBER FEDERAL RESERVE SYSTEM**

NEW ASSISTANT MANAGER GUARANTY  
TRUST COMPANY'S LONDON OFFICE

J. A. Grierson, formerly secretary of the London Office of the Guaranty Trust Company of New York, has been appointed assistant manager there, and Robert Macvey, formerly assistant secretary, has been made secretary of the same office.

ASSOCIATION OF RESERVE CITY BANKERS

The sixth annual convention of the Association of Reserve City Bankers

\* \* \*

A BAD MISTAKE

The fact that all mistakes made by a bank are not in figures is well illustrated by the following letter which is somewhat humorous but was written in all seriousness. The letter is now in the files of one of the large New York banks.

Dear Sir:

Permit me to call your attention to the enclosed envelope in which I received the last monthly statement of my account. It reads Mrs. James H. Brown, Esq., as you will see. You will recall that at the time of my husband's death I changed the name of his account to Mrs. James H. Brown, but you have not left off the Esquire on any of your letters addressed to me. Won't you please point out to the one who addresses your letters that this is not the correct way to address a woman? It causes me considerable embarrassment, and I desire that the use of the word be discontinued.

will be held at the Hotel Astor, New York city, June 6th and 7th, 1918.

Members are requested to make their hotel reservations as early as possible.

The officers of the association are: President, John W. Staley, vice-president People's State Bank, Detroit; secretary, F. W. Ellsworth, secretary Guaranty Trust Company, New York.

NO INCREASE IN INTEREST RATES

Reports that some of the New York banks have been offering two and a half and three per cent. on deposits have caused considerable unfavorable criticism, the belief being expressed that an increased rate of interest on deposits might seriously embarrass the financial operations of the Government. Referring to the matter, W. P. G. Harding, Governor of the Federal Reserve Board, said:

The Federal Reserve Board regrets exceedingly to learn of the disposition evidenced by banks in various sections of the country to increase rates of interest allowed on deposits. It is unfortunate that any bank or group of banks should undertake, especially at the present time, to increase deposits by offering unusual inducements in the way of interest, and it follows that any aggressive steps which may be taken by any bank to increase its deposits at the expense of other banks will doubtless be met by protective measures on the part of banks whose business is subject to attack.

The board does not believe that the inducement of a higher rate of interest on deposits will bring any more real money into the banks, and it feels that the result of a general increase in the interest rate on deposits will be either an added burden to borrowers in the shape of higher interest and discount rates, or the bringing about



# UNION COMMERCE

## *National Bank*

OF CLEVELAND

Capital \$4,000,000

Surplus 2,000,000

*"Expedition Service now—  
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON, . . .	President	WALTER C. SAUNDERS, . . .	Cashier
GEORGE S. RUSSELL, . . .	Vice-President	HARRY E. HILLS, . . .	Asst. Cashier
WILLIAM E. WARD, . . .	Vice-President	CARL R. LEE, . . .	Asst. Cashier
ELMER E. CRESWELL, . . .	Vice-President	FRANK A. WHITE, . . .	Asst. Cashier
WILLIAM C. CAINE, . . .	Vice-President	FRED. W. COOK, . . .	Asst. Cashier

of conditions which would put the banking business upon an unprofitable basis, thereby weakening our entire banking structure.

The loans and deposits of banks have increased enormously during the last three years, and it would seem to be the part of wisdom for the banks to undertake to place themselves in a position to continue to aid the Government in its financial operations by curtailing unnecessary credits and by encouraging their depositors to buy Treasury certificates and Government bonds, even though there be some shrinkage in their deposits as a consequence. Banks should remember that when deposits are reduced, reserves are released. Reckless competition for deposits, supported by high interest rates, will tend to force the Government to pay higher rates, thereby imposing additional burdens on the people, and any forced and artificial expansion of banking credits will promote rather than check inflationary tendencies, which should be guarded against at the present time.

There does not seem to be any demand on the part of depositors for increased rates on interest on their balances, and the board wishes it understood that it does not favor any movement to increase these rates, and that it will do all in its power to discourage it. It sincerely hopes that these banks which have unduly advanced their rates will

consider well the consequences involved, and that they will, as far as possible, do their part toward restoring rates to the former level.

Gates W. McGarrah, president of the Mechanics and Metals National Bank, New York, expresses the following views on the subject:

We are disposed to the opinion that as time goes on the banks of the country will be increasingly called upon, and very properly, too, to assist the Government in its financing and to carry more and more of Government securities at rates which from present indications cannot be expected to be anywhere near a level with the prevailing market rates for commercial paper. Indeed, it would seem safe to assume that the rate which banks will receive on Government obligations may be expected to be in the neighborhood of a par with the rates for commercial paper during comparatively easy money conditions.

Then there is the thought of the unsettlement that might result by reason of the higher rate policy being generally adopted. If it becomes the general policy of all of the banks in New York, it is but fair to assume that the banks in the other financial centers of the country will be govern-

# Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

*Send for our booklet*

**"The Transfer of Reserves  
To Federal Reserve Banks"**

THE

## Philadelphia National Bank

(ORGANIZED 1863)

ed accordingly and raise their rates above their heretofore customary rate in order to be on a relative basis.

All these things being considered, it is a serious question whether the banks in the large financial centers are warranted in raising the rate of interest as is being done in the few individual cases. It is a question to which all of us must give careful consideration to the end that not only our correspondents may have fair and equitable treatment, but that the principles of good banking may not be ignored or even become secondary to the showing of large deposits.

NEW VICE-PRESIDENT AND CASHIER OF  
HANOVER NATIONAL BANK

At a regular meeting of the board of directors of the Hanover National Bank, New York, on February 26, the resignation of Elmer E. Whittaker as cashier was presented and accepted.

Mr. Whittaker has been connected with the Hanover National Bank for forty years, but has not been in good health for several years past. His resignation was accepted with much regret.

Henry P. Turnbull, formerly assist-

ant cashier, was elected a vice-president and William E. Cable, Jr., who has served the bank for more than twenty years, was appointed cashier.

### MERGER OF NEW YORK TRUST COMPANIES

Plans for a merger of the Central Trust Company and the Union Trust Company of New York were approved at a meeting of trustees of both institutions on March 1, awaiting ratification by the shareholders.

The consolidated institution is to be called "The Central Union Trust Company of New York," and it will have a capital stock of \$12,500,000 and a surplus of about \$16,500,000. The combined deposits, which will be around \$250,000,000, are exceeded at present by only two trust companies in the United States.

James N. Wallace, who has been president of the Central Trust Company since 1905, will be chairman of the board and president of the new company, and Edwin G. Merrill, who



## EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION  
NATIONAL  
BANK**



**PHILADELPHIA**

Resources over  
**\$13,000,000**

became President of the Union Trust Company in 1910, will be vice-chairman and vice-president.

Under the plan for consolidation, shareholders of the Central Trust Company, which is capitalized at \$5,000,000 and has a surplus of nearly \$16,000,000, will receive 1.84 shares of the stock of the new company for each share of their stock. The shareholders of the Union Trust Company, which has a capital stock of \$3,000,000 and a surplus of \$5,000,000, will receive 1.1 shares of stock of the new company for each share of Union stock. Under this arrangement the shareholders of the Central will get \$9,200,000 of new stock and shareholders of the Union will get \$3,300,000.

The board of trustees of the consolidated company is to consist of thirty members, and it is expected that substantially all of the trustees of both companies will become members of the new board. The main office of the new company will probably be at 80 Broad-

way in the building owned by the Union Trust Company. The branch operated by the Central Trust Company at Madison avenue and Forty-second street and the two branches maintained by the Union Trust Company at Fifth Avenue and Sixtieth Street, will all be continued as at present. No decision has yet been reached in respect to the continuance of the Central Trust Company's main office at 54 Wall street, but it will probably be maintained for the time being.

### THE REMARKABLE YEAR 1917

In a recent review of the past year, President William A. Law of the First National Bank of Philadelphia, said:

There never was such a year as 1917. Its distinguishing features include: The entrance on April 6 of this country into the great war; the taking over of the railroads for government operation; the beginning of ship construction on a scale which surpasses the entire production by all other nations in a single year; about five billion dollars added to the national debt, with

# INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . . \$70,000,000

**SAMUEL P. COLT, Chairman of the Board of Directors**

	<b>H. MARTIN BROWN, President</b>	
<b>JOSHUA M. ADDEMAN</b>	<b>Vice-President</b>	<b>HENRY B. CONGDON</b> . . . <b>Secretary</b>
<b>JAMES M. SCOTT</b> . . .	<b>Vice-President</b>	<b>J. CUNLIFFE BULLOCK</b> . . . <b>Trust Officer</b>
<b>FRANK C. NICHOLS</b> . . .	<b>Vice-President</b>	<b>ELMER F. SEABURY</b> . . . <b>Assistant Treasurer</b>
<b>SAMUEL M. NICHOLSON</b> . . .	<b>Vice-President</b>	<b>HARRY C. OWEN</b> . . . <b>Assistant Secretary</b>
<b>WARD E. SMITH</b> . . .	<b>Treasurer</b>	<b>HENRY C. JACKSON</b> . . . <b>Assistant Secretary</b>

bonds so distributed that virtually one in ten of the population to-day owns a Government bond or note; total war expenditures by the belligerent governments of fifty-two billion dollars; American farming



**WILLIAM A. LAW**

President First National Bank of Philadelphia

produce said to be worth \$21,000,000,000, a new high record in history; unprecedented liquidation of securities, with sensational price declines; the greatest industrial output ever achieved, including war material and other supplies called for by the world conflict; the enactment of a conscription

law, which has been the chief factor in increasing the strength of our military and naval service to 1,800,000 men; an unprecedented increase in taxation; the largest banking resources on record; nine billion dollars of foreign trade which, for the second successive year, yielded an excess of exports over imports of more than three billion dollars; accumulation by this country of the largest gold reserve in the history of nations; a noteworthy expansion of the Federal Reserve System; new high record bank clearings and new high record money circulation; the heaviest gold movement ever reported; an unprecedented consumption of lumber, notwithstanding a decrease in building operations; and the highest commodity prices ever known. These developments, with the two extraordinary Liberty Loan drives, the large issues of Treasury certificates of indebtedness and the extraordinary war measures enacted, have created conditions which made the year unparalleled in the history of world finance.

President Law epitomizes the present situation in the following forcible terms:

The security markets have shown remarkable firmness under very trying conditions. The chief explanation lies in the soundness of our financial position and the great strength of the banking situation. The overshadowing factor in the money market is the Third Liberty Loan and the peculiar conditions which must be met by the government in insuring a quick market for what will probably be the largest loan ever floated in the United States. The decline in the price of the four per cent. bonds put out in October, together with the broad public demand for short-term securities and the high price paid by corporation borrowers, indicates some of the problems which are being considered by the Treasury officials in arranging the details of this extraordinary offering. The hopes and fears of more than 100,000,000 red-blooded Americans are bound up in the success of this

# The National Stock Yards National Bank AND The National Cattle Loan Company

ST. LOUIS NATIONAL STOCK YARDS, ILLS.

Are the largest cattle financing institutions in the Eighth Federal Reserve District

**WIRT WRIGHT**  
President

**O. J. SULLIVAN**  
Vice-President

**ROBERT D. GARVIN**  
Cashier

great undertaking. While it will be necessary for the banks to underwrite the loan, it will be equally necessary, and even of greater importance, for the American people to buy these bonds for income-producing purposes.

## NEW TRUST COMPANY IN PHILADELPHIA

The Roxborough Trust Company is a new trust just beginning business in Philadelphia. The officers are: George G. Littlewood, president; Erwin M. Simpson, vice-president, and Charles C. Eddleman, secretary and treasurer (pro tem).

## PHILADELPHIA BANK MERGER

According to the plans of agreement mailed to the shareholders of the Guarantee Trust and Safe Deposit Company and the Real Estate Trust Company, of Philadelphia, the merger of these two institutions has been accomplished by the assurance of stock in a new company in exchange for shares of the two companies thus merged. The new issue will total about \$4,700,000.

## SECOND NATIONAL OF TITUSVILLE

On February 16 the Second National Bank of Titusville, Pennsylvania, moved into remodelled banking quarters, which are among the best in western Pennsylvania. The bank was founded fifty years ago by Charles Hyde, a wealthy oil and lumber dealer, and has become a strong, progressive institution. The present officers are W. J. Stephens, president; C. N. Payne, vice-president; F. C. Wheeler, cashier; J. P. Crossley, assistant cashier.

## FIRST NATIONAL OF GOUVERNEUR

Leslie W. Burdick, for ten years cashier of the First National Bank of Gouverneur, New York, has been elected president of that institution. The bank was organized in 1881, has a capital of \$300,000, deposits of \$1,845,757, and total resources of \$2,497,673.

## NEW FEDERAL RESERVE MEMBERS IN BOSTON

The State Street Trust Company of Boston has joined the Federal Reserve system, making seven of the larger institutions of the city which are now members. The seven companies have total deposits, according to their last statement, of \$243,448,000. The aggregate capital is \$11,400,000 and the surplus \$15,691,000.

Checks on trust companies which are members of the Federal Reserve are paid through the clearing-house by the Boston Federal Reserve Bank, although

*foreign exchange  
is the clue . . . .*

## to the international situation

The unprecedented increase in our foreign trade—the unfamiliar spectacle of our becoming a creditor nation—is causing business men and students to pay more attention to the study of foreign exchange. *What is it? How does it operate? How is it affected by international transactions?* These questions and many others are answered in "The Elements of Foreign Exchange" by Franklin Escher. The intricacies and perplexities of foreign exchange are made clear in this little book, which, in a popular and readable style, tells you just what you NEED and WANT to know about this important subject. Sent prepaid anywhere on receipt of check or money order for \$1.35.

Send for our catalogue of banking books.

**Bankers Publishing Company**  
253 Broadway New York

	Capital.	Surplus.	Deposits.
Old Colony.....	\$6,000,000	\$7,506,000	\$130,044,000
State Street.....	1,000,000	1,790,000	30,130,000
American .....	1,000,000	1,768,000	21,863,000
Commonwealth .....	1,000,000	635,000	21,837,000
International .....	1,500,000	1,890,000	18,290,000
Beacon .....	600,000	1,771,000	16,000,000
Metropolitan .....	300,000	331,000	5,284,000
Totals .....	\$11,400,000	\$15,691,000	\$243,448,000

the trust companies themselves are not required to become members of the clearing-house.

The accompanying table shows the capital, surplus and deposits of the seven Boston trust companies which are now in the Federal Reserve System.

treasurer, Lloyd A. Frost, of the Guaranty Trust Co., Cambridge. R. H. Mann, of the Park Trust Co., Worcester, and W. G. Meader of the Attleboro Trust Co., were chosen members of the executive committee.

#### TREASURER OF BOSTON TRUST COMPANY

Albion F. Bemis has been elected treasurer of the Federal Trust Co. of Boston, succeeding Samuel A. Merrill, resigned. Mr. Bemis was formerly a director of the Mechanics Trust Co. and became a director of the Federal Trust when that institution merged the Mechanics in 1909. In 1916 he became



JOHN C. HEYER

President Associated Trust Companies of  
Massachusetts

#### ASSOCIATED TRUST COMPANIES OF MASSACHUSETTS

At the recent annual meeting of the Associated Trust Companies of Massachusetts, held in Boston, the following officers were elected: President, John C. Heyer, of the Federal Trust Co., Boston, succeeding Herbert A. Rhodes of Dorchester Trust Co., resigned; vice-president, Charles D. Buckner of the Massachusetts Trust Co.,; secretary and



ALBION F. BEMIS

Treasurer Federal Trust Co., Boston

# SEND YOUR BUSINESS

ON THE

## Twin Cities AND THE Northwest

TO THE

CAPITAL AND SURPLUS  
TEN MILLION DOLLARS

*We are prepared to meet your most exacting requirements and cordially invite you to write to us*



actuary and secretary of the Federal and is now treasurer and secretary. Mr. Bemis is also a member of the board of investment of the Blackstone Savings Bank, Boston.

#### NEW PARK TRUST COMPANY PRESIDENT

At the recent annual meeting of the Park Trust Co., Worcester, Mass., Ralph H. Mann was elected president to succeed George M. Wright. J. Lewis Ellsworth becomes treasurer and George E. Duffy succeeds Mr. Mann as vice-president. Earl W. Waldo was appointed assistant treasurer and Charles T. Tatman, clerk.

Mr. Mann was one of the prominent organizers of the Park Trust Co., and until now was vice-president and treasurer of the corporation. He also successfully organized other New England banking institutions which have met with signal success.

#### IN HARNESS FOR FIFTY-FOUR YEARS

At the annual meeting of the Amherst Savings Bank, of Amherst, Massachusetts, George Cutler resigned as secretary after serving fifty-four years in that position. He is ninety-four years of age, having been born July 25, 1823. His farewell address, written with his own hand, begins as follows:

"I would like to tell the younger members of the corporation something about the location of the bank in Amherst as I am the last member of the fourteen members living who were the

members when the bank was first organized."

Then he proceeds to tell the story of the bank which he served so long and so faithfully.

#### REMODELED QUARTERS

The First National Bank of Newport, New Hampshire, opened for busi-

### B/L BANK of CHICAGO



We collect direct Bill of Lading items on every shipping point in the United States and Canada. A special department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

**UNION TRUST COMPANY  
CHICAGO**

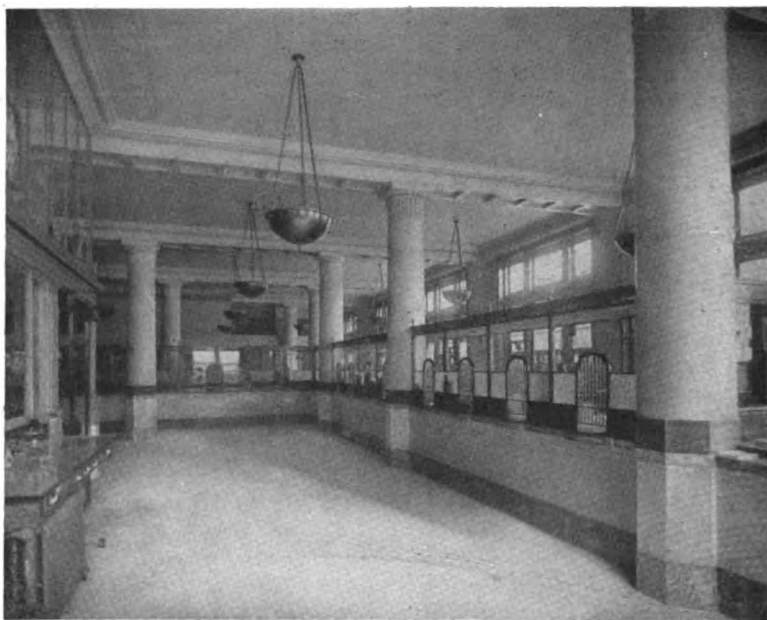
*Strictly a Commercial Bank  
Established 1869*

ness on January 28 in its former banking quarters which have been modernized and fitted out with up-to-date equipment by Hoggson Brothers, the New York and Chicago builders. The banking room is not only commodious and efficiently arranged, but is pleasing to the eye, being finished in light green tones, with mahogany trim. The counterscreen has a wainscot of Listavena marble, with a base of sylvan green, while the upper portion is formed with marble pilasters, filled in with metal

Sam D. Lewis, vice-president and cashier, and Cyrus E. Varney, assistant cashier. Hoggson Brothers are earning a strong reputation for remodeling and refitting banking institutions.

#### HANDSOME QUARTERS COMPLETED FOR FIRST NATIONAL OF NEW HAVEN

The new banking room of the consolidated First and Yale National Bank, New Haven, Conn., which has just been completed, gives this institution quar-



*Courtesy of Hoggson Brothers*

Remodeled Banking Rooms of the First National Bank, New Haven, Conn.

wickets and grilles finished in black. The lower part of the wickets is made telescopic, and each is fitted with a black Carrara deal plate. The working space has been carefully planned to provide for the expeditious transaction of the business of the bank. An important feature is a large room for the exclusive use of the bank's customers.

The First National Bank has rounded out a half century of business activities, having been organized in 1865 with a capital of \$100,000. The present officers are John McCrillis, president;

ters that are among the handsomest in this city, where handsome quarters for financial organizations are the rule.

Hoggson Brothers, builders, of New Haven and New York, had charge of the enlargement and equipment of the room, as well as the remodelling of the exterior.

The banking room is designed in the Renaissance period of architecture, with massive columns, pilasters and heavily ornamented beamed and paneled ceilings. The counterscreen is of marble and bronze, having a Botticino die and

Established  
1857



60 Years of Con-  
servative Banking

The  
**Mechanics-American  
National Bank**  
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$50,533,000

A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND  
THE STRENGTH TO GIVE THE BEST SERVICE

ACCOUNTS INVITED

WALKER HILL, President

FRANK O. HICKS . . . Vice-President  
JACKSON JOHNSON . . . Vice-President  
EPHRAIM CATLIN . . . Vice-President  
JOSEPH S. CALFEE . . . . . Cashier

CHARLES L. ALLEN . . . Asst. Cashier  
JAMES R. LEAVELL . . . Asst. Cashier  
C. H. CHASE . . . . . Asst. Cashier  
RICHARD L. KING . . . Asst. Cashier

Famosa marble base and counter ledge supporting the beautifully designed bronze screen with plate glass panels. The tellers' wickets are designed with elliptical and telescopic grille. The walls of the public space are decorated to harmonize with the marble railing to the same height as the counterscreen itself, and the floor is of grey Tennessee block marble. A room done in soft gray enamel and tastefully furnished has been provided for the exclusive use of women patrons. The directors' room is trimmed and furnished in rich mahogany, while the remaining rooms will be finished in oak.

The officers of the First National Bank are: Chairman of the Board, Thomas Hooker; president, John T. Marshall; vice-presidents, Pierce N. Burgess, Edwin P.

F. L. Trowbridge; assistant Robert S. Bradley, George E. Tester.

Annual statement of Jan. 8, capital, \$1,000,000; surpluses, \$894,823.18; deposits,

\$7,131,919.26; resources, \$11,188,402.54.

GREENWICH TRUST COMPANY

According to its last report, the Greenwich Trust Company of Greenwich, Connecticut, has capital and surplus amounting to \$300,000, undivided profits of \$175,624, and deposits of \$3,750,672. Edmund C. Converse, of New York, has succeeded R. J. Walsh as president, and A. W. W. Marshall has been made vice-president and secretary of the institution, and Walter B. Todd, treasurer.

GEORGIA BANKERS CONVENTION

The annual convention of the Georgia Bankers Association will be held in Atlanta, May 21. The week of April 15 to 19 has been selected for the meeting of the groups which comprise the association, and the meetings will be held in rotation, according to the plan which has prevailed for several years.



## What Do Bankers Want ?

Years ago, in seeking to increase our business with banks, we answered that question for ourselves.

### BANKERS WANT SERVICE—

Individual, Prompt, Efficient Service.

We have therefore specialized on Service—and the volume of our deposits from banks is now larger than that of any other institution West of the Mississippi River.

WRITE US—CALL ON US

## The National Bank of Commerce

IN ST. LOUIS

**Capital, Surplus and Profits, \$13,000,000.00**

JOHN G. LONSDALE, President

W. B. COWEN, Vice-President

J. A. LEWIS, Vice-President and Cashier

R. F. McNALLY, Vice-President

### FLORIDA BANKERS CONVENTION

The 1918 convention of the Florida Bankers Association will be held at Tampa, April 5 and 6.

### VIRGINIA BANKERS ASSOCIATION MEETING

Announcement is made that the executive council of the Virginia Bankers Association has selected June 20, 21 and 22, 1918, as the days for the annual convention of the association, which will be held at the Hotel Chamberlain, Old Point Comfort, Va.

Aside from the discussion of matters of direct importance to the banking interests of the state, which involves a great deal in view of the ever changing conditions due to the war, the programme committee will provide speakers of national repute, and the war situation, as then existing, will be conspicuously featured.

In addition to the advantages natu-

rally afforded by the Chamberlain Hotel for convention purposes, Old Point this year is particularly interesting, because of the large army and navy representations there and the unusual activities in the harbor.

### NATIONAL BANK OF COMMERCE IN ST. LOUIS OPENS NEW SAVINGS DEPARTMENT

This bank, which is the largest in St. Louis and among the largest west of the Mississippi River, has always been a strictly commercial bank, and hence the opening of a savings department is an innovation. The new department is being well received by the customers of the bank. Herman H. Reinhard was appointed manager of the department, which opened on December 10th.

Mr. Reinhard has been an employee of the bank for twenty-two years. He is thirty-six years old, and married. His banking experience has embraced that of each department in the institution.

# A Book for Bankers—

Our booklet "Essentials in the Granting of Bank Credits" should prove interesting to every banker. It describes the principles and methods which are observed, and contains a general description of bank credit department methods.

We shall be glad to mail you a copy of this booklet upon request.

## Mississippi Valley Trust Co.

*Member Federal Reserve System*

ST. LOUIS

MISSOURI

---

He is a graduate with full honors from the American Institute of Banking.

Mr. Reinhard has lived in St. Louis for twenty-nine years. He recently expressed himself as follows in regard to savings, and the habit of thrift: "The road to success is considered by many as very difficult to travel, but I believe it is often misunderstood. The facts in the case are that there are three simple steps which, if followed, will make for success.

"First. So conduct your training that you will continually be increasing your earning power.

"Second. So arrange your habit of living that you spend a little less than you earn, even though this requires some sacrifice at times.

"Third. Be certain that the manner in which you invest this saving fund is entirely removed from the hazard of chance. Look for the opportunity to place your money in a strong institution, in order that your savings will be safe."

The National Bank of Commerce is

now carrying in each piece of advertising copy the line, "Bank at the Big Bank," an appropriate admonition, since the resources of the bank are known to be in excess of \$85,000,000.

The quarterly dividend of the National Bank of Commerce, payable at the end of December, was one and one-half per cent., instead of the usual one per cent.

Regarding this increase, President Lonsdale said: "In 1915 it was deemed an act of business prudence by our board to cut the dividend rate on our stock to four per cent.

"Since that time our progress has been most gratifying, due, in no small measure, to our host of loyal friends and customers and to the thorough and effective co-operation of our stockholders. We have substantially increased our surplus and undivided profits, and our assets and earning power are such that we are in position to continue to do so.

"Six per cent. is well within our net earnings, and we have concluded that

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

*Capital & Surplus, \$2,500,000      Resources, \$13,940,000*

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.

CLINTON G. MORGAN, Cashier

JOSEPH W. LEFFLER, Asst. Cash.

WILLIAM R. WEBB, Asst. Cash.

it is the right of our stockholders to have the rate increased to that figure."

### MISSISSIPPI VALLEY TRUST COMPANY PROMOTES EMPLOYEES

A. H. Roudebush, former assistant trust officer and assistant counsel of the Mississippi Valley Trust Company, St. Louis, has been made its counsel, and two employees have been promoted to official positions. These latter are: Cecil A. Tolin, who becomes assistant trust officer, and John P. Sweeney, assistant bond officer.

Mr. Roudebush, who has been connected with the Trust Company since 1915, was formerly associate city counselor of St. Louis. The position of counsel of the company was formerly held by its president, Breckinridge Jones.

Mr. Sweeney came to St. Louis in 1912 from Dennison, Texas, his native city, where he had been connected with the State National Bank. From 1912 to 1914 he was in the investment de-

partment of the Commonwealth Trust Company and since then has been in the Mississippi Valley Trust Company's bond department.

Mr. Cecil A. Tolin came to St. Louis from Waterloo, Iowa, and has been in the Mississippi Valley Trust Company's trust department since May, 1905.

### INVESTMENT BANKERS ASSOCIATION

This association, through its board of governors, has accepted an invitation from the city of St. Louis to hold its next annual convention in that city. The date is yet to be fixed.

### HONORING BANK OFFICIALS WHO ARE DESERVING

F. O. Watts, president Third National Bank of St. Louis, has been elected a director of the United Railways Co.

F. K. Houston, vice-president of the same institution, recently accepted an invitation from the Mississippi Bank-



ELIOT SAVINGS BANK. BOSTON, MASS.

THOMAS M. JAMES, ARCHITECT

## Why YOUR Bank Should Build NOW



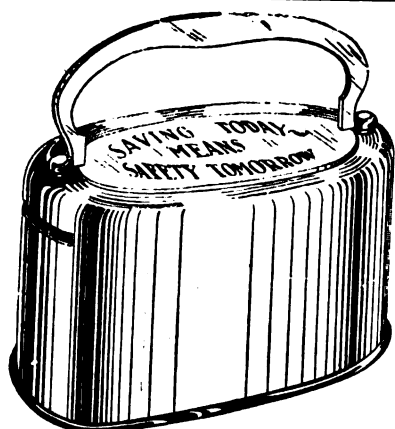
WITH the advent of the war and its various requirements the Banks of this country have had multitudinous details thrust upon them that in a commercial organization would have required double or quadruple the original amount of space to cope with. The Liberty Loans alone have made a new department almost as great as any other. The Banks of this country are just as essential to the winning of the war—"Money is the sinew of the War"—as a munition factory, and most munition factory employees are working under better sanitary and lighting conditions than many banks that have doubled the number of their clerks and still retained their old poorly lighted and ventilated quarters. The public are asked to save, and it is your patriotic duty to help them by providing more commodious and more congenial quarters. Nothing has the advertising value as new and up-to-date quarters. Building a new building or remodelling your old one cannot be classed as a non-essential when it is so badly needed. Place your bank in the same category as a munition plant and *build now*.

THOMAS M. JAMES

ARCHITECT

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## STRONGHART COMPANY

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now enjoys the distinction of being the largest bank in that section of the state.

In January, 1916, he left Chillicothe to become vice-president of the Mississippi Valley Trust Company in St. Louis, which position he left to accept the vice-presidency of the National Bank of Commerce.

W. H. Wilkes was recently appointed assistant to the president of the National Bank of Commerce. Mr. Wilkes, who is twenty-eight years of age, came to St. Louis from Memphis, Tennessee, in the latter part of 1916, as secretary to Mr. Lonsdale. Prior to coming to St. Louis he was assistant cashier of the Mercantile National Bank of Memphis

### UTILITY OF THE TRADE ACCEPTANCE

Speaking before the National League of Commission Merchants at Chicago on January 10, Rollin P. Grant, president of the Irving National Bank, New York, expressed himself vigorously and soundly regarding some of the problems of the war, and also put in the following plea for a wider use of trade acceptances:

Under the open-account method, disorder runs riot. The seller of merchandise, be he first producer, manufacturer, wholesaler or retailer, receives from the buyer no assurance concerning the correctness of his merchandise deliveries until the obligation is paid at maturity, or at such other limit of time as his patience and the convenience of the buyer may decide upon.

ers Association to address the various group conventions held in different sections of the state. His subject was "Acceptances."

### NATIONAL BANK OF COMMERCE IN ST. LOUIS

Raymond F. McNally, vice-president of the Mississippi Valley Trust Company, resigned that position February 1, to accept the vice-presidency of the National Bank of Commerce.

Mr. McNally was born and raised in Chillicothe, Mo. His father, Thomas McNally, was the organizer and first president of the Citizens National Bank of that city, holding that position until his death in 1899. As soon as Raymond became of age, he was elected cashier of the bank and held that position for fourteen years. During that period the bank had a remarkable growth, and it

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In the meantime, the transaction remains wide-open, inviting the return of merchandise, claims of incorrect deliveries, and any other element of exasperation which the buyer may see fit to employ in justification of his possible refusal to pay.

The seller receives from the buyer a promise to pay, but such a promise he will pay in thirty—or sixty—or ninety—or one hundred and eighty days—or six months—or a year (if he is perfectly honest)—or if he is unable to impose further upon the good nature of his creditor—or if he finds it entirely convenient to pay—or in the event of some other contingency which may present itself. If he does pay, and promptly, it is either because of his own honesty or because of strenuous collection methods which have been brought to bear upon the transaction, and not because of any business seriousness which attaches to the implied promise to pay involved in this ridiculous method.

In the meantime, the seller of the merchandise, who has fully performed his part in the transaction and who now only awaits the payment of a just debt, under this open-account method is forced to do all the worrying—all the hustling—and, incidentally, must bear the burden of proof in the event of any objection urged against payment, however unreasonable it may be.

Naturally, the embarrassment to business and the effect upon national resources is considerable and serious. Losses from bad debts, protracted obligations, impairment of capital, and expense of collections, seriously affect the profits which the business man would receive if operating under a more rational method.

The seller of merchandise, by carrying the account in this form, performs a gratuitous banking service for the buyer, which buyer, because of custom, takes for granted and without any particular feeling of gratitude.

In the use of the trade acceptance method,

## Advanced Forces To-Day

Inspiration, Enthusiasm, Patriotism may well center in each community in its progressive financial institution—and does through Collins Service—to the profit of the nation, its people and the bank.

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towards which we have shown such general indifference, is to be found the answer for most of the difficulties developed under the open-account method. It is logically sound—simple and economical in operation—properly protects and distributes all equities in the transaction concerned—involves no business absurdities—enables a stated capital to operate more effectively and upon a larger scale, and subjects capital to no embarrassment beyond that normally incident to its proper use in business.

The Federal Reserve Board, expressing a most laudable intention of the Government to aid private enterprise in financing its operations, has designated the trade acceptance as the best method in existence for conducting credit operations growing out of current merchandise transactions—has provided extensive rediscount facilities and a preferential rate for commercial paper of this class—and through regulations, literature, public speakers, has done everything in its power to develop this method in the interest of national business efficiency.

Business concerns throughout the country, including producers, manufacturers, wholesalers, and retailers, which have tried the trade acceptance method in their credit

### Accurate News of Pacific Northwest

Have You Business or Investment Interests in Washington, Oregon, Montana, Idaho, Alaska or British Columbia?

The authoritative commercial and financial publication of this section is **BUSINESS CHRONICLE OF THE PACIFIC NORTHWEST** issued every Saturday Morning. It tells what you need to know of banking, investments, lumber, fish, apples, agricultural products, mining, foreign trade, railway and marine transportation, commercial and business affairs generally, and analyzes current progress and development. You may rely upon what you see in its columns.

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**BUSINESS CHRONICLE**

EDWIN SELVIN, Editor

Alaska Building SEATTLE, U. S. A.



## A NEW CONCRETE FOR BANK VAULTS

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Sixty Liberty Street Corporation	- - - -	"
Rhode Island Hospital Trust Company		Providence, R. I.

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NEW YORK CITY

operations, report that it works splendidly and are enthusiastic in their efforts to promote its general development in American business.

They say that in actual practice it secures substantial economy in operation and serves as an excellent tonic to collection departments—strengthens weak credit by bringing each transaction out into the open, by developing a more serious attitude toward business obligations, and by putting to the test the credit of the business man who refuses, or fails to pay.

They say also that almost invariably trade acceptances are paid at maturity, and this, regardless of the customary attitude of the particular individual or concern toward other obligations expressed in open-account form.

Bankers, too, those of them who have given the acceptance thought, are unqualified in their approval of this method. They know that at present the loaning power of a bank upon the single name paper of an individual or concern is limited to 10 per cent. of the capital and surplus of the bank, and realize that the trade acceptance, being free from this limitation, furnishes to banks an opportunity whereby the amount of accommodation which can be extended to customers is limited only by the character of the risk presented.

In trade acceptances presented for discount, they see an excellent opportunity for

investment of surplus funds. In the acceptance method itself, they recognize an entirely new facility for securing information concerning the business methods not only of their customers, but of their customers' customers as well. They know that in the production of commercial paper of the high quality of the trade acceptance, a sounder financial basis will be provided for business—a larger volume of better business will be produced—and every proper purpose in which business and banking are interested will be promoted.

**ANOTHER HIGH-CLASS BUSINESS MAN  
ADDED TO THE MERCHANTS LOAN  
AND TRUST BOARD**

The Merchants Loan and Trust Company of Chicago, which has been known for many years as having one of the strongest boards of directors of any bank in the United States, is still maintaining that reputation. The latest addition to its board is Richard T. Crane, president of the Crane Company of Chicago, who is known as one of the best of Chicago's high-class business men.

## Our Service to You

**L**ONG ago the Bankers Publishing Co., publishers of The Bankers Magazine, recognized the growing importance of books on the practice of banking and is not only publishing useful books covering various phases of modern bank operation, but has also inaugurated a book department fully equipped for the service of those interested in banking subjects.

Our Book Department aims to keep carefully tabulated and indexed all available sources of information on all subjects connected with banking, economics and finance. This includes not only books, but everything in printed form which constitutes a contribution to the study of finance and practical banking. This department aims to be a clearing-house for information for bankers and those interested in banking.

Requests to the Book Department for information are given careful attention. Correspondents, however, are asked to state specifically in just what branch of the subject they are interested and to state as clearly as possible the kind of information which they desire. On request "*Book Talks*" will be sent each month to any address. This gives information about new books for bankers and keeps the reader informed as to the current trend of banking literature.

Besides the services mentioned above the Book Department is ready to fill orders for any book published. This means that we do your book shopping for you. All you need do is name your want. We do the rest.

We make a specialty of supplying banking libraries either for banks or for students of banking. Banks are more and more realizing the importance and practical value of having a library of banking books for the use of their employees and officers. To equip a library, however, means a great deal of labor, first in finding out what books will be required and then in ordering them from a number of different publishers.

We will save you all of this bother. You have only to write us the size and kind of library which you desire, and we will submit a list of books with an estimate of the cost complete and delivered at your bank. And besides this decided convenience and economy of time and labor, we are also in a position to offer you a liberal discount on large book orders.

Another service in which the Book Department gives particular attention is in assisting the young, ambitious banker to advance himself and improve his chances by systematic study. We especially invite correspondence from young men of this sort, hoping thus to promote in the next generation of bankers a sound conception of the fundamentals of banking as well as a clear understanding of its actual practice.

It is earnestly hoped that those interested will avail themselves of the services which this department offers. To those who are located in New York and to visiting bankers we extend a cordial invitation to call and make use of our library and its facilities.

**BANKERS PUBLISHING COMPANY**

253 BROADWAY, NEW YORK.

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72d Year



ESTABLISHED 1865

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A Business Course, including banking, accounting, business management, commercial law and other practical subjects, which forms an admirable substitute for a college education and saves from two to three years of time.

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The school is known throughout the United States for the excellence and thoroughness of its business training. Its graduating classes have been addressed by ex-Presidents Taft, Roosevelt, Harrison and Cleveland.

One of the best school buildings in the country; large gymnasium.

Students may enter at any time during the school year.

Fifty-second Catalogue and Illustrated Booklet will be mailed upon application.

## INDIVIDUAL COPY SERVICE FOR BANKS IN SMALL CITIES

Gordon Cloyd has resigned as secretary of the fraudulent advertising committee of the Investment Bankers Association of America, to conduct an advertising copy service for banks which are located outside the large financial centers, and has opened offices at 305 South La Salle street, Chicago. Mr. Cloyd's service provides individual copy and personal attention to the advertising problems of the banks in the smaller cities.

## MINNESOTA'S PROGRESS

Deposits in state banks in Minnesota during 1917 increased \$34,000,000. Deposits on December 31 were \$248,311,000, compared with \$213,960,000 for 1916. Total assets of 1,113 banks aggregate \$287,000,000, a gain of \$38,000,000. Loans at the last report were \$231,500,000, an increase of \$31,000,000 for 1917.

## CITIZENS BANK OF SALINE IN MODERNIZED QUARTERS

The Citizens Bank of Saline, Mich., opened for business on Monday in its old headquarters, which have been thoroughly modernized and fitted out with new equipment. The work of remodeling and equipment was executed in all its details by Hoggson Brothers.

The Citizens Bank was organized in 1902, and has had a steady and constant growth. Its present officers are: B. P. Davenport, president; G. C. Townsend, vice-president; G. L. Hoyt, vice-president; C. A. Curtiss, cashier.

## UNLIMITED PURCHASES OF LIBERTY BONDS

The Supreme Court of Minnesota has handed down a decision in the test case brought on behalf of the South Side State Bank of Minneapolis regarding the law limiting the investment of a bank to fifteen per cent. of its capital and surplus in the stock of any single

corporation. The trial court held that the law was not intended to apply to bonds of the Federal Government, and the Supreme Court upholds the judgment. The decision points out that the purpose of the law is to prevent embarrassment from loaning to a single concern in too large amounts, but adds that Government bonds are recognized as the safest investment, so that the purpose of the law was not to apply to such bonds.

#### ANOTHER NEW BANK BUILDING

Active work has been commenced on the new individual bank building for the Farmers and Merchants Trust Co., of Connersville, Indiana, which has been designed and will be erected, furnished and equipped by Hoggson Brothers, the Chicago and New York bank building specialists.

**FRANK A. VANDERLIP ONCE WORE OVERALLS** and worked in a machine shop. He is today head of the greatest National Bank in the United States.  
**GEORGE F. BAKER**, the silent master of billions started in life as a grocery boy.  
**HENRY P. DAVISON**, of J. P. Morgan & Co., when a bank clerk used to ride on a bicycle 10 miles to save carfare.

**HOW DID THEY SUCCEED?  
 HOW CAN OTHER MEN  
 PROFIT BY THEIR EXPERIENCE?**

Through the medium of B. C. Forbes, in his new book, "Men Who Are Making America," 50 business giants give us a graphic and accurate description of the qualities, methods and principles by which they won their millions and rose to leadership. This book ought to be called: Success in Life and How It Can Be Achieved, as told by H. P. Davison, James B. Forgan, Otto H. Kahn, John D. Rockefeller, James Stillman, Frank A. Vanderlip, A. Barton Hepburn, Geo. W. Perkins, etc.

## Men Who Are Making America

By B. C. FORBES

500 pages, 6 x 9 in.  
 50 full page illustrations

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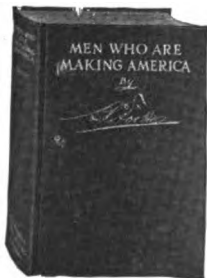
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 without obligation of  
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 Service Corporation**

258 Broadway, New York City

#### AN EXCELLENT DOCUMENT

A rather unique "Primer of New Mexico Banking Law" has been published by State Bank Examiner George H. Van Stone. The primer applies directly to the duties and responsibilities of bank directors, and will undoubtedly reach the spot with many of them. The first page, quoting from a section of the New Mexico Bank Act, says: "Upon the directors of a bank rests the responsibility for the protection and care of the interests of all the depositors, all the stockholders, and all the officers and employees."

#### A CHANGE OF NAME

The name of the Tootle-Lemon National Bank of St. Joseph, Missouri, has been changed to the Tootle-Lacy National Bank, and an order permitting

## Don't You Prefer the INKLESS Way?

Finger print identification is proving superior to other systems with signatures, test questions, photographs or physical outline charts, and is to-day the most positive and reliable system known.

And isn't it worth while to remember that the courts are construing "due care," as required by law, more conservatively than in the past as applied to savings banks in making payments?

With finger print methods of identification coming into general use, it remains only to choose the best system offered.

The Bauder Inkless System of Identification is more than safe and certain. It is clean and quick. It requires no change in the ordinary equipment of passbooks and signature cards and can be used on letters of credit, checks, certificates of deposit—wherever positive identification is desirable.

The Bauder Inkless System enables a bank to avoid payment on wrong identification; protects depositors as well as the bank; strengthens a bank's reputation and good will; saves the tellers' time and gives customers better service.

The fact that a bank takes finger print records attracts business from foreigners. Illiterates and those whose lack of business experience make them distrustful of banks.

Finger print records are almost indispensable in handling the savings accounts of children, and are particularly valuable for inactive accounts in agricultural districts.

Our booklet A, "Finger Prints for Bankers," is promptly sent to any address on request.

### Thirty-Day Trial Free

Write us to-day that you want to make a test of the Bauder System and we will send you an outfit, by prepaid express, to try at our expense for thirty days. After two hours of study with the instruction chart, your teller will find the directions for use so simple that he will be ready to make, read and compare any and all finger prints so satisfactorily that he can without doubt, hesitation or mistake safely pay out money at any time to the right party. If, at the end of thirty days, you are not satisfied, send the outfit back to us, express collect.

We are looking for A-1 men to represent us and will thank you to put us in touch with any good man you can highly recommend.

## Bauder Identification Company

Owners of Basic Patents of INKLESS Finger  
Print Methods and Processes

712 Astor Trust Building, New York

the change has been received from the Comptroller of the Currency.

### ANOTHER MODERNIZED BANKING ROOM

The Ottawa Banking and Trust Company of Ottawa, Illinois, recently moved into its former banking room, which has been thoroughly modernized and equipped by Hoggson Brothers.

### AMERICAN EXCHANGE BANK OF MILWAUKEE

This solid, substantial bank recently celebrated the twenty-fifth anniversary of its establishment by a meeting of one hundred and fifty of its stockholders. Appropriate speeches were made and the fact developed that the bank has a high standing in the community which gave it birth. It was incorporated as the German-American bank, and held that name until August 1, 1917, when the present name was adopted by the stockholders for patriotic reasons. It has a capital of \$500,000 and is a member of the Federal Reserve System.

### A STRONG BANK

The Mercantile National Bank of San Francisco has become a strong in-

\* \* \*

### PERFECTLY SATISFIED

The following letter is reported to have been received by a Virginia bank during the past month and to have caused considerable comment:

Gentlemen:

This will be your authority to carry out the following instructions beginning immediately. The account now upon your books under the name of James or Ruth Black can be drawn against by a check signed by either one. Hereafter you will please honor checks upon which the name of James Black alone appears, but no checks bearing the name of Ruth Black shall be honored without the countersignature of James Black. Mrs. Black is perfectly satisfied with this arrangement as it shows how much interest I take in every little thing that she does.

Very truly yours,

James Black.

# DJÖRUP & McARDLE

Bank, Commercial, and Foreign  
Exchange Audits and Systems

42 BROADWAY

NEW YORK

stitution. Its last statement shows deposits of \$13,111,335 and total resources of \$18,366,427. At its annual meeting in January the following officers were elected:

Henry T. Scott, chairman of the board; John D. McKee, president; Frank G. Drum, senior vice-president; O. Ellinghouse, vice-president; F. O. Cooke, vice-president; Thomas M. Paterson, cashier and secretary; John C. Bovey, assistant cashier and assistant secretary; Allen Knight, assistant secretary.

W. F. Berry, formerly assistant cashier and assistant secretary, was on December 12, 1917, elected cashier and secretary of Mercantile Trust Company of San Francisco, an institution owned by the stockholders of the Mercantile National Bank.

#### PROGRESS OF A SPOKANE BANK

From 1908 to 1917 the Old National Bank of Spokane, Washington, has made a growth in deposits from \$6,561,000 to \$17,365,000, and its average resources have increased in the same time from \$7,600,000 to \$20,020,000. The present officers of the Old National Bank are: D. W. Twohy, president; T. J. Humbird and W. D. Vincent, vice-presidents; J. A. Yeomans, cashier; W. J. Smithson, G. H. Greenwood, J. W. Bradley, B. L. Jenkins and E. P. Randall, assistant cashiers.

#### NEW PUBLICITY MANAGER

The Security Trust and Savings Bank of Los Angeles announces the ap-

pointment of Clarence A. Lyman as manager of the department of publicity of both the main office and the Equitable branch. Mr. Lyman has had several years' experience as city editor of a large western newspaper and has also conducted several large advertising campaigns in Los Angeles. Arthur C. Hoffman, formerly in charge of the publicity department of the bank, has

#### To-Day's Moneymessage—

##### Right Places

The oak never grew from the acorn until the acorn was in the right place. The fortune wont grow from the dollar until it is in the right place.

Your pocket and the other fellow's pocket are neither interest payers nor dollar accumulators of certainty.

Depositing dollars at interest in a good bank puts the dollars into growth. Ask how now. Think!

(Bank Title and Address)

*Culp Daily Moneymessage Press Copy*

## RAYMOND G. HOPPER

Vice-Pres., The American Banker, 1910-18

### Financial Publicity STONINGTON, CONN.

Business conducted by correspondence only. Advertising placed in best qualified mediums.

Banks sold rights for "The Culp Daily Moneymessages"—inimitable copy promoting savings and interest deposits, yet developing all departments. Only two inch advs. advised, same to change daily in preferred positions. Decrease newspaper bills. Get effective results. The sage who said, "It's all in the copy," spoke a truth. Exhibits and terms mailed.

Ask Your Stationer for  
**Bankers Linen and Bankers Linen Bond**

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

SOLE AGENTS

**F. W. ANDERSON & CO.**

INCORPORATED

34 Beekman Street, New York

been transferred, at his own suggestion, to the banking department so that he may apply in practical banking the experience gained in the advertising department.



**ARTHUR C. LONGSHORE**

Recently Elected Assistant Cashier Northwestern National Bank, Portland, Oregon

(A notice of Mr. Longshore's election was published last month.)

**EXTRAORDINARY GAINS IN CLEARINGS**

Pacific Coast bank clearings for 1917 show a remarkable expansion, San Francisco leading all the cities with an increase of \$1,357,992,000, or nearly thirty per cent. The total increase for the thirteen cities mentioned in the statement was from \$7,756,011,000 for 1916 to \$10,391,294,000 for 1917.

**BIG STRIDE OF BANK OF SAN RAFAEL**

The Bank of San Rafael, California, in its statement folder of December 31, 1917, calls attention to the fact that its deposits have increased from \$337,874 in December, 1910, to \$1,103,083 in December, 1917.

**GOOD REASON FOR JOINING THE FEDERAL RESERVE**

President Frank A. Guernsey, of the Farmers and Merchants Bank, Stockton, California, gave the following reason for becoming a member of the Federal Reserve System:

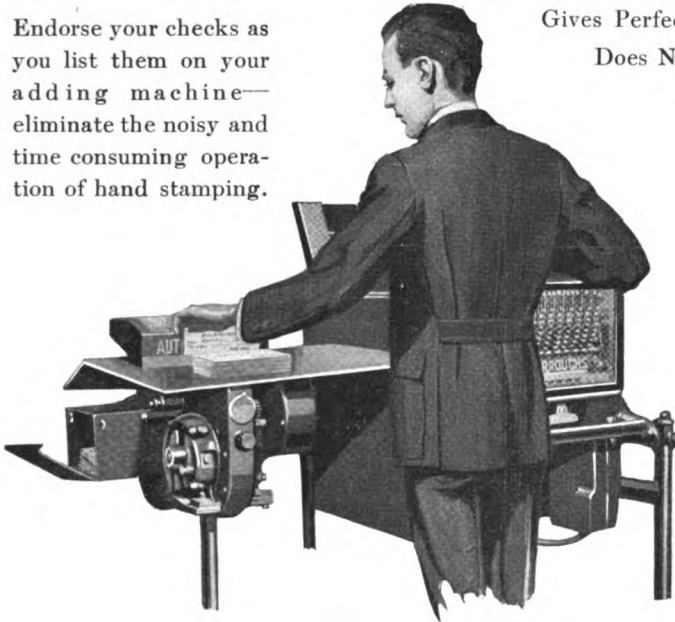
"We believe that membership in the Federal Reserve System, especially at this time, is a patriotic duty; also that the financial strain for which the country must be prepared during the continuance of and after the war would be most effectively withstood by identification with this system."

**CANADIAN BANK OF COMMERCE**

The annual statement of the Canadian Bank of Commerce makes a good

# The AUTOMAT ENDORSER

Endorse your checks as you list them on your adding machine—eliminate the noisy and time consuming operation of hand stamping.



Gives Perfect Endorsements

Does Not Smear

Never Misses

Simple and Durable

Rapid and Noiseless

Automatic Action

No Levers To Push or Pull

All Parts Interchangeable

Handles *All* Checks From Single Checks of Light Paper to Largest Vouchers with Papers Attached

Note that the operator simply turns over the check as he does in listing and the endorsement is made instantly and automatically thus eliminating one entire operation

## The Machine That Solves the Problem of Check Endorsing AS NECESSARY AS THE ADDING MACHINE

### A FEW AUTOMAT ENDORSER USERS:

National City Bank	New York	Provident Life & Trust Co.,	Philadelphia, Pa.
Fifth National Bank	" "	Third National Bank	" "
Empire Trust Co.	" "	Commercial Trust Co.	" "
New Netherlands Bank	" "	First National Bank	" "
Farmers Loan & Trust Co.	" "	People's National Bank	Boston, Mass.
Harriman National Bank	" "	Boston Safe Deposit & Trust Co.	" "
West-End Trust Co.	Philadelphia, Pa.	American Trust Co.	" "
Philadelphia Trust Co.	" "	Washington Loan & Trust Co.,	Washington, D. C.

Write us for full information regarding our attractive proposition

39 South La Salle Street



:: :: CHICAGO, ILL.

showing. The bank has assets amounting to \$344,375,232. Its cash assets alone are \$54,652,274, and its notes and checks of other banks and other bank balances amount to \$22,431,741. The profits for the year amounted to \$2,637,555, an increase of \$198,000 over the figures of the previous year, this in face of the fact that additional responsibility was involved in the increased business through the low rate of inter-

est on loans to the dominion and imperial governments. The managers patriotically consider that as part of their contribution to the cost of the war.

### NORTHERN CROWN BANK

The last statement of the Northern Crown Bank, of Winnipeg, shows that it has deposits amounting to \$29,216,856, and total assets of \$31,603,224.

# ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

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REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

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Net profits for the year ended November, 1917, after deducting expenses of management, and making full provision for all bad and doubtful debts, amounted to \$208,608 on a capital of \$1,-429,447.

#### CONDITION OF THE BANK OF TORONTO

The last statement of the Bank of Toronto shows capital and surplus (rest) of \$11,000,000; deposits of

\$63,907,297, and total resources of \$84,293,918.

#### THE TRUST COMPANY OF CUBA

The reserve fund of the Trust Company of Cuba, at Havana, Cuba, is now \$500,000, which is equal to its capital. The regular dividend of eight per cent. was paid during the past year, besides an extra dividend of two per cent. The institution is in a flourishing condition.

## Paine's Analysis

OF THE

## Federal Reserve Act

and Cognate Statutes

BY HON. WILLIS S. PAINE, LL.D.

**Price \$5.00**

Postpaid

Carefully Indexed

Over 400 Pages

With Maps and Charts

THE BANKERS PUBLISHING CO.

253 Broadway, New York.

The four books, *Paine's National Banking Laws* (7th Edition), *Paine's New York Banking Laws* (7th Edition), and Supplement, the *Summary of Failed Savings Banks* (2nd Edition) and *Paine's Analysis of the Federal Reserve Act* with Supplement, delivered, \$12.00 if ordered together. Publisher's price, \$16.00.

With

## Supplement for 1918

without extra charge

IN this book the distinguished author of *Paine's National Banking Laws* and *Paine's New York Banking Laws*, completely analyzes the Federal Reserve Act and records chronologically the various rulings and interpretations which have affected it since its enactment. The book is the standard treatise on the development and operation of this exceptionally important statute. Finished analyses of the Bill of Lading Act and the Farm Loan Act are also incorporated.

The SUPPLEMENT just published contains the laws enacted by the National and New York Legislatures, the new Federal Reserve Regulations, etc., adopted in the year 1917.

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SECOND YEAR

APRIL 1918

VOLUME XCVI, NO. 4

## The Third Liberty Loan

**A** GAIN the people of the United States are called upon to provide the Government with funds needed to carry on the war, and again they will respond to that call, as they have twice done before and as they will do in the future, to the very utmost limit of their abilities.

Never in their lives have the American people had such an opportunity to contribute money in a noble cause—a fact which they have been quick to recognize. The liberation of the world from the menace of German militarism—the same kind of brutal atrocity responsible for Belgium's ravishment and the murder of women and children on the "Lusitania"—is an enterprise that appeals to all that is best in the manhood of America.

But there is a more compelling reason even than this why the people of the United States must throw into the scales all their vast financial resources. No longer does the German menace threaten the nations of Europe alone. Its baleful shadow hangs over us. Does this seem an exaggeration? Look back two or three years ago at Russia with its vast domain, its population larger than ours, with an army greater in numbers than all the other Allied Powers combined, and see the state of Russia to-day—the heel of the brutal conqueror upon the people's necks. Of course, we shall be told about 3,000 miles of intervening sea between the United States and Germany, of the greater intelligence of our people, and all that. But should Germany be able to stay the progress of the Allies on the western front and keep up the eastern drive, conquering the opposing nations in her path, we may be threatened in our Pacific possessions and the war come to us through the back door. From that danger at present we are protected by the army and navy of Japan, but whether this protection will be sufficient in case Germany and Russia should unite their forces, is at least doubtful.

To-day German arrogance and power threaten the whole world, and no nation stands in greater danger than the United States of America. And this for the reason that the entrance of

the United States into the war constitutes the most serious check to the ambition of the Teutonic Powers since the day when Great Britain cast in her lot with France. If Germany had a chance to win against Great Britain, France and Italy, that chance diminished practically to the vanishing point when Uncle Sam drew his sword. That is why Germany, should opportunity offer, will take peculiar satisfaction in applying to us exactly the same sort of treatment she has just applied to Russia.

We know, of course, that the people of the United States are better educated than those of Russia. So were the people of Rome when the Huns and other northern barbarians invaded that empire and left the ruins of its temples to bats and wild beasts.

Intelligence alone does not win wars. Properly directed intelligence, sustained by an unquenchable spirit, will render invincible a country possessing the vast resources of the United States. That spirit our people have. Now is again given them the glorious opportunity of showing it by bringing to their Government in full, heaped, pressed down, and running-over measure all the money that is needed to keep burning the light of liberty in a world menaced by the night of barbarism.



## Should Cloture be Adopted on Peace Discussion ?

**F**ROM time to time there are official outgivings from either one or the other of the Teutonic Powers, promulgated with the ostensible object of convincing the world how ardently Germany and Austria are longing for peace—a peace which shall deprive them of none of the loot they have obtained from nearly four years of arson, robbery, rape and murder.

Strangely enough, these insincere and tricky statements—whose real purpose is not peace, but the breaking up of the unity of the Entente Powers—are seriously discussed by men as eminent as Lloyd-George and President Wilson. Manifestly, the reason these statesmen deem it expedient to discuss the hypocritical and infamous peace proposals of Germany is not because they have the slightest confidence in them, but for the reason that they fear that the apparently simple-minded people of Russia might be deceived by the German snivelling about peace. The Bolsheviki seem to welcome anybody who addresses them as “brother,” not minding in the least that his friendly salutation is accompanied by a bayonet thrust.

President Wilson and Prime Minister Lloyd-George are very

properly concerned about public opinion. They do not wish for a moment to have Russia or the neutral nations (or even the Entente Nations for that matter) to think that the war would be prolonged for one moment beyond the time when a just peace can be concluded.

But surely, by this time, even the most childlike person must realize that the peace which the Teutonic Powers are so ready to prate about contains not one particle of justice or sincerity. Germany would be pardoned and retain the offence, keeping close hold upon those effects for which she did the murder.

Is it not time to realize this, and to stop talking about peace, in official as well as in private circles?

We have held the subject up in every light of which it is capable. What is there to gain by further talk?

Peace talk has an exceedingly bad effect upon American public sentiment, and is even deceiving our men in the training camps, many of whom fear they will never be allowed to get into action "over there."

There is a peace propaganda which will be effective, for Germany can understand it, and it consists of ships, supplies, guns, munitions and men. There is a language that will be convincing, and it is the only kind of peace "talk" that this country should indulge in until the Central Powers are completely and overwhelmingly beaten.



## Serious Work Ahead for America

**T**HE present month marks the first anniversary of the entrance of the United States into the world war. Necessarily, as little preparation had been made beforehand, the year has been devoted chiefly to getting ready for what lies before us. Much has been done—perhaps all that could be expected under the circumstances. As future months elapse, the work of preparation must go on in an ever-increasing ratio. Men, munitions, supplies and ships will all be needed more and more.

That the present situation is of the utmost gravity must appear from recent events. Russia's collapse, following that of a number of smaller nations, gives to the German menace a more threatening aspect than it has had at any time since the war began.

The hope that the economic pressure put upon Germany by the British blockade would prove effectual now disappears completely and forever. In time, Germany will secure oil, minerals and

food in needed quantities from the vast Russian domain now practically a part of the Teutonic dominion.

Germany can not be starved into submission. She must be beaten by military power. That task has at no time been an easy one for the Allied Powers, and the difficulties are multiplied many fold by the German subjugation of Russia, for it means that our foes can now obtain much-needed food and supplies of all kinds, and it may mean something infinitely more serious, namely, that the Russian armies under German leadership may take the field against the Allied forces. Stranger things have happened, and this is a development which need surprise nobody.

From two sources there is hope—from the United States and Japan. Every month the weight of America in the contest grows. We are making more munitions, building more ships and sending more men, and if the momentum of our participation continues to grow, Germany must shortly feel it. In the Far East Japan, with a powerful and well-trained army, is prepared to move against the further extension of German power in Siberia. Whether this will afford a rallying-point against Germany for whatever patriotic element may still exist in Russia, or whether it may cause the Russian armies to unite with Germany against Japan and the Allies, time alone can disclose.

It may be that even should Russia and Germany form an alliance that this will be counterbalanced by possible developments in the Far East. China has a population at least double that of Russia, and offers almost unlimited raw material for military operations. Could a junction of Japanese and Chinese forces be formed for operations in Siberia, Germany would have no advantages, even with Russian coöperation.

One would like to believe that the Russians will never fight to help in fastening the German yoke upon their necks, but it is nevertheless well to prepare in advance for that contingency.

Some satisfaction is to be had from the fact that the immediate effect of recent events will not strengthen the German position, but will tend in the opposite direction. Although Russia is offering no resistance to the German invaders, the mere policing of so vast a territory, under present turbulent conditions, will require a large army. Furthermore, Germany must now be prepared to meet Japanese forces in the Far East, and so extend her already attenuated lines still further.

An effort to reach a decision on the western front may be made sooner than expected. It will be the duty of the United States to see that our forces on that front are strong enough to give to the Allies the assistance that will make it impossible for Germany to gain any advantage. Upon the success of our efforts there may

rest the future of civilization and the continued existence of the United States as an independent power.



## The Grand Strategy of the Contending Forces

**W**AR conducted by such vast opposing hosts and on so tremendous a theatre makes the present conflict memorable in the annals of human history. The spectacle is comparable to that described by Milton in "Paradise Lost." Perhaps Mr. Hohenzollern is a fair prototype of Milton's Satanic combatant.

From a military point of view, what are the grand aims of each contestant, and what is the grand strategy designed to effect them?

No doubt Germany would be quite content with what she already has, if she could keep it either permanently or as a basis for exchange for some of her lost territories. The Allies want restoration of the despoiled territories, and some reparation for actual injuries done.

To bring about these results, what are the military policies of the contending powers?

This question may be discussed with propriety for the reason that the only ground for reaching conclusions rests upon what has been done already.

At first the German offensive was launched at Paris and the French coast, with the aim of forcing a speedy peace. That object failed, and since then Germany, on the western front, has acted chiefly on the defensive. At times ground has been given to the Allies under pressure, but this retreat has not gone far enough to be of much weight in reaching a final decision.

What has been Germany's real offensive policy while marking time in defending the western front?

The outlines of this grand strategy are beginning to appear. Germany has held her strongest foes at bay—Great Britain, France, and Italy—while launching her real offensive against the weak nations—Roumania, Montenegro, Serbia, Belgium and Russia. The result of this policy may be seen by anybody.

The Allied offensive policy has been less clear. At the outset, the Allies had to concentrate on defending France, and later in attempting to drive the enemy backward—both objectives being successful.

Great Britain has carried on with success an offensive campaign

in the Holy Land, resulting in the capture of Jerusalem, and another in Turkey in Asia, leading to the taking of Bagdad. The ill-starred offensive against the Dardanelles was one of the fruitless and unfortunate undertakings of the war.

But while Germany was striking with overwhelming force against the weaker nations already mentioned, the Allies seemed too much occupied elsewhere to afford their endangered friends any effectual aid. An exception is to be noted in the case of Greece, which has thus far been kept out of Germany's clutches, and more lately substantial assistance was rendered to Italy. In the main, however, the German policy seems to have been to hold back her foes on the western front, and with superior force move on to the subjugation of whatever small or weak nation lay in the path of her unholy ambition. The policy thus far has been successful; that is, it has achieved the temporary success of the burglar robbing and murdering a child or the aged and infirm, while the policeman is hurrying on the scene.

If the Allies could have put enough pressure on the western front, the criminal depredations of the Germans against the weaker nations would not have been possible. In the past faith has been put in the ability of the Allies to starve Germany or to wear down military opposition on the western front by a war of attrition. As things now are such an expectation is no longer tenable. To defeat the German armies will require repeated offensive actions of the most vigorous character. This will cost many thousands of lives, but at present it appears to be the only way to win.

Ahead of us there lie duties and obligations which will tax American endurance and resources to their utmost.



## The Government and Private Enterprise

**D**URING a recent discussion in the United States Senate in regard to some alleged irregularities at the Hog Island ship-building plant, the following remarks were made by Mr. Sherman of Illinois:

"The only instance I know of in the history of the United States where the Government undertook a great work where the taxpayer has not been cut clean to the bone is the Panama Canal, and that was constructed under most unusual conditions, by the exercise of very great vigilance, in a time of peace, with subcontracting at the lowest possible limit, with labor and material provided under the

most favorable conditions, and with the vigilance of the executive department and all of its distinguished helpers exerted to the utmost. Under such conditions as never were presented before the Panama Canal was built, and to cite that achievement as an instance of what the Government can do is a good deal like the frequent undertaking to prove that the Government can do anything. It has never done anything successfully of an essentially private nature except in the one instance, Mr. President, of the Panama Canal, cited here this morning.

"I can cite everything from the beginning of civilized government down to date, from the beginning of the Christian era until the Panama Canal was constructed, and can demonstrate that in no time has the Government ever, as compared with private enterprise, efficiently performed anything. It has not even in time of peace taken care of its own departments without permitting itself to become entangled by a red tape that can only be removed by criticism of men in authority even in time of great public peril. If we had undertaken anything of this kind in time of peace it would have been a fair test, it is said, but in time of war, when vigilance and promptness are required and when every public interest should be bent to the performance of the public service, we, by committees in this body, have been compelled to investigate and to remove the impediments that have been encountered because of the lack of energy and of ability in peace times to perform necessary functions by this Government."

This statement boldly challenges a popular and growing belief in the ability of the Government to conduct business of all kinds more efficiently than can be done by private enterprise. Not improbably along this line some of the great political battles of the future will be fought. Essentially the position taken by Mr. Sherman is antagonistic to the spread of Socialism.

In time of war the Government goes into enterprises of various kinds much more extensively than in times of peace, and the public become reconciled to this on the ground of necessity. Patriotic impulse would not be content to have private business concerns attend to the clothing, arming and provisioning of the troops, even though all this might be done more efficiently and at less cost than under Government auspices. It is easy enough to understand why this is so. An army fights for the national honor and existence, and the spirit of patriotism demands that those who are engaged in this noble work shall be under the care of the Government itself.

But this sentiment would seem inapplicable to ordinary commercial undertakings. It is not easy to see why the making of millinery and cigars, for example, should be a matter of Government initiative. The tendency, however, is unmistakably in the di-

rection not merely of the ownership and operation of "public utilities," but of business enterprises of all sorts. It is a tendency worthy of the most serious attention and study.



## Proposed Amendments to the National Banking Act

**A**T the instance of the Comptroller of the Currency, Mr. Owen, chairman of the Senate Banking and Currency Committee, has introduced a number of bills for amending the National Banking Act. These bills are thus summarized in a Washington dispatch:

Bill No. 1 provides for an amendment to Section 5,200 of the Revised Statutes prohibiting a national bank from making loans to its own officers and providing that loans to directors shall be only made with the approval of a majority of the board. It also provides for a limitation upon the loans which a national bank may make on commercial paper or bills of exchange in excess of the regular limitation of 10 per cent of capital and surplus.

Bill No. 2 provides amendments to Section 5,239 of the Revised Statutes, authorizing the Comptroller of the Currency to institute proceedings against directors and officers of a national bank for losses arising from their wilful violations of law.

Bill No. 3 provides that a director shall take the oath of office within thirty days after election, otherwise he shall cease to be a director and shall be ineligible for re-election during that year.

Bill No. 4 provides for the regulation of overdrafts.

Bill Nos. 5 and 6 provide for the better regulation of savings banks and building and loan associations in the District of Columbia.

Bill No. 7 requires the officers and employes of national banks to furnish surety bonds, and also forbids erasures on bank books, the use of acids, etc., in removing entries.

Bill No. 8 permits rechartered banks to use the bank note plates of the original bank by repealing a portion of Section 6 of the Act of July 12, 1882.

Bill No. 9 provides for the amendment of Section 5,172 of the Revised Statutes so as to authorize the engraving of signatures on national bank notes.

Bill No. 10 provides for the establishment of branches of national banks.

Bill No. 11 provides a penalty for obtaining loans or credit from a national banking association based on false statements.

Bill No. 12 provides for limiting the amount of assets which a national bank may invest in its office building.

Bill No. 13 authorizes the Treasurer of the United States to sell bonds securing circulation thirty days after a bank has entered into liquidation.

Bill No. 14 amends and re-enacts section 5209 of the Revised Statutes so as to definitely include receivers in the penalties provided for embezzlements, etc., of funds coming into their hands.

Bill No. 15 provides that sections 5136 and 5139 of the Revised Statutes shall be amended so as to require national banks to keep properly and accurately their stock ledgers and certificate books.

Bill No. 16 provides a method for the consolidation of national banks with each other.

Bill No. 17 provides that capital and surplus of national banks shall at all times be equal to at least one-tenth of their aggregate deposits.

Bill No. 18 provides for the guarantee by the Government of deposits in national banks to an amount not exceeding \$5,000 for each depositor.

Without having at hand copies of each of these measures, it is hardly possible to make an intelligent analysis of their provisions. The proposed measures are no doubt in line with the recommendations made by the Comptroller in his recent Annual Report.

Whatever may be said in favor of the proposal to guarantee bank deposits, as a general principle, it is difficult to see any sound reason at present for applying this guaranty to deposits in national banks not exceeding \$5,000 in amount. Would this not merely, in substance, place the savings departments of national banks on a parity with the Postal Savings Bank? It would seem that the timid depositor, for whose benefit this proposal is offered, can find adequate Government protection for his money in the Postal Savings Bank.

For many years successive Comptrollers of the Currency made numerous suggestions for amending the National Banking Act, but Congress never paid the slightest attention to these suggestions, although some of them were deserving of enactment. Now, however, Congress seems to be in a different mood and to feel that almost any proposed change in the banking law is a good one. It would not be surprising, therefore, if the amendments proposed by the Comptroller of the Currency should all be adopted. Bankers might find it worth while to obtain copies of these proposed changes in the National Bank Act and to make a careful examination of them.

## Criticism of the English Banking Act

**T**HE general meeting of shareholders of the great British joint-stock banks is nearly always an event of importance, not alone to the bank immediately concerned, but to banks of the whole country, and not infrequently to those of the world at large. In many instances the chief executives of such banks take advantage of the opportunity to deliver carefully prepared addresses dealing with banking and economic affairs.

At the last annual general meeting of shareholders of the London City and Midland Bank, Sir Edward Holden, the distinguished managing director of that institution, highly praised the American Federal Reserve System and demanded the repeal of the law under which the Bank of England has been acting since 1844. Sir Edward's chief objection to this law is the rigidity of the note issues. It will be remembered that Sir Robert Peel's measure provided that the note issues of the Bank of England should rest upon Government securities to the amount of £11,000,000, and a further issue of £3,000,000 against other securities. As the note issues of the joint-stock banks lapsed, the Bank of England was further empowered to issue an amount of notes, against securities, equivalent to two-thirds of the lapsed issues. Beyond this, no notes could be emitted except upon gold security pound for pound.

In criticising the methods of note issue by the Bank of England, Sir Edward Holden said:

"It will be observed that under the act the issue of notes bears no relation whatever to the amount of discounts or advances. It follows, therefore, that if no gold can be deposited in the issue department no further notes can come out, however much they are required. When there is an extraordinary demand for bank notes that demand falls on the reserve in the banking department, and when that reserve is unduly depleted trouble may occur."

Sir Edward Holden praises the Federal Reserve System in very high terms.

The fight to cut the connection between the public debt and the bank-note circulation in the United States was a long one, and while the Federal Reserve Act did relate the note issues to discounts, it did not completely abolish the bond-secured bank notes, several hundred millions of which, emitted by the national banks, are still outstanding, while even some of the Federal Reserve Banks, on taking over United States bonds, issue Federal Reserve Bank notes against them. These notes are not to be confused with the Federal Reserve notes, issued against coin and commercial paper.

It is hoped that should England revise the method of bank-note issues, it will adopt a pure bank credit currency, like that of

Canada and which formerly prevailed in Scotland, as distinguished from a form of Government currency such as the Federal Reserve Notes.

The method of issuing bank circulation which has long existed in England, and that which existed until recently in the United States, were both wrong in principle. The fact that English banking did so well with an archaic system of note issues may be explained by the readiness with which the people substituted checks for notes. Our inconvenience here with an inelastic note system was much greater owing to the size of the country and to the fact that, until recently at least, the use of the bank check was comparatively limited. Now that the use of bank checks has become extensive, rather strangely enough the demand for currency has also largely increased.



## President Hinsch Urges Sale of Stamps

**P**RESIDENT CHARLES A. HINSCH of the American Bankers Association, in a statement dated February 13, urges the bankers of the country to sell as many of the War Savings Stamps as possible. Here is the letter in full:

You did not call for war, but you have got to fight. Peacetime methods cannot continue. Every American institution must become a fighting unit. Banking resources must be developed to the maximum. Credit must be extended in a constantly increasing volume. The bankers must direct it into the channels that produce the things that are essential to the health and efficiency of our people and to the proper conduct of the war.

We are confident that you desire to do your utmost to protect your present business, to build for the future and to aid your Government. This you are not doing unless you are selling War-Savings and Thrift Stamps, and otherwise actively assisting in the powerful campaigns to create billions of new savings and millions of new savers.

We earnestly urge that you execute the enclosed form and send it to the Secretary of the Treasury. If you are already selling

stamps, this will not increase your work or responsibility and you will not need to change your present procedure in buying or selling. It will (a) bring to you a certificate of authority which you will be proud to display, which will impress those who view it and which will be a real evidence of your patriotic service; (b) enable you to appoint as sub-agents, individuals, firms and corporations for whom you are willing to stand sponsor so that you may receive credit for their sales; (c) bring to you valuable material to aid you in the campaign; (d) enable us to enter your name among the institutions that are doing effective service.

If you are not selling War-Savings and Thrift Stamps, will you not immediately procure a small supply from your Federal Reserve bank or from your local post office, and place them on sale? This will help to protect your institution and the entire credit structure. Every dollar that is put into War-Savings and Thrift Stamps automatically reduces the amount of funds that will need to be raised through the flotation of Liberty bonds.

When you send the enclosed form to the Secretary of the Treasury you release the force of a powerful campaign to protect your bank and your community. Send it today. Your interests, the interests of your patrons, and the need of the nation demand it.

## AMERICANISM



AMERICANISM has received its definition in four great documents. Three of these have been issued upon the occasion of great wars and the fourth, for near a century, has been as distinctly belligerent in character as the mailed fist or the jangling sabre. Americanism is, obviously, no pacifist faith. But it is, none the less, a faith. It is a faith vast in its pretensions beyond all dreams of autocrats; and it is a faith, despite its century of trial, little justified by what has transpired in human history. Yet in the face of autocrats and of history, it is inwardly unshaken and serene, religious in its confidence, miraculous in its hopes. Its foundation is something more constraining than experience and far more compelling than reason; for its foundation is an inner light, which for us is like a revelation, showing as in an apocalypse the common humanity of "all men". Americanism is a faith that men have died for, and that men are dying for today—whether it be a madness or divinity that hath touched them with it.

HARTLEY B. ALEXANDER

*in the New Republic*

# Interest Accrued but not Collected; Discount Collected but not Earned

By JAMES P. GARDNER

**T**HERE have been many difficulties confronting the banker since that fateful date of August, 1914—difficulties which he has faced with the serious determination of overcoming and inspired with the earnest purpose of assisting the Government in every possible way to carry out its purpose. One need but mention the recent Liberty Loan campaign by way of illustration. And if obsessed with many cares and burdened with an unusual amount of work he at times has grumbled at the excessive demands on his strength and time, the expressions of complaint have quickly passed away upon the realization that the service asked was a call of duty and an honorable recognition of the fact that the heaviest load was placed where the strength could best stand the strain.

## NEW PROBLEMS FOR THE BANKER

The throes of birth into a greater life of banking activity have also brought many hard problems for the banker to meet and to overcome, and not the least have been the knotty problems launched by the Comptroller's office. That office, looking over the fields of banking from its commanding point of vision, undoubtedly sees the necessity of a more accurate and detailed survey of data which to the individual banker, in his limited horizon, must often appear unnecessary. Yet it must be the desire of the banker loyally to lend his aid to establish the vast compendium of facts upon which the successful administration of the Comptroller's office must rest.

Of the many questions of the Comptroller's call, new to the national bank-

er, two at least have occasioned him a good deal of hard work, and it is with the purpose of assisting those who compile the answers to the Comptroller's call that the following suggestions have been worked out. It may be mentioned that the writer does not assume that these methods are the best, for the questions are still too recent to have allowed of final settlement, but the methods outlined below are believed to be workable and are offered for the consideration of those interested.

Perhaps many banks will find such a plan unnecessary. Banks, for example, with a small amount of paper passing through the discount or loan department, but banks with heavy discount lines, it is believed, will find the suggestion of interest.

The first question, "Interest accrued but not collected," presents no particular difficulty, this item representing merely the amount of interest which has accrued on the demand loans, the loans on which interest is payable monthly, and on the interest-bearing investments of the bank from the date of the last interest payment to date of "call." There is work attached to the operation but it is just a matter of computation.

On the other hand, the second question, "Amount of discount collected but not earned," calls for more careful thought. To make the matter clear, we will first refer to the customary way in which the entry passes through the banker's books. A note, we will say, dated March 1 for \$5,000 due in sixty days is discounted at six per cent. on March 1. The amount of the discount, \$50, is credited to a discount received account and the proceeds, \$4,950, cred-

Rate Per Ct.	January 2, 1918			January 3, 1918			March 2, 1918			March 3, 1918		
	Balance	Earned	Matured	Discounted	Balance	Earned	Matured	Discounted	Balance	Earned	Matured	Discounted
6	\$20,000	.....	.....	\$10,000	\$20,000	\$8.33	.....	\$10,000	\$20,000	\$5.00	.....	\$10,000
5 3/4	35,000	.....	.....	.....	35,000	5.59	.....	.....	40,000	6.39	.....	5,000
5 1/2	10,000	.....	.....	20,000	30,000	4.59	10,000	20,000	40,000	6.11	.....	5,000
5 1/4	.....	.....	.....	.....	.....	.....	.....	5,000	5,000	.72	.....	.....
5	5,000	.....	.....	.....	.....	.....	.....	.....	20,000	2.78	.....	.....
4 3/4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4 1/2	.....	.....	.....	10,000	10,000	1.25	.....	10,000	20,000	2.50	.....	.....
4 1/4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3 3/4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3 1/2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total	\$70,000	.....	.....	\$55,000	\$125,000	\$19.21	\$30,000	\$50,000	\$145,000	\$21.83	.....	.....

Assuming you commenced January 1, 1918, total of notes discounted prior to January 1 can be designated "Bills Discounted, Old Account." All maturities made prior to January 2 being credited to that account as paid.

Here there is the one day's accrued earnings to be credited to "Discount Received Earned" and the same amount charged to "Discount Received Unearned," which account was credited with full amount of interest deducted when note was discounted.

Here the maturity notes are those discounted January 2; the ticker each day is your guide as to rate, maturity, and date note was discounted. These tables are worked out day by day, on Mondays two days' interest has accrued.

ited to the bank's customer, the bills discounted account being charged \$5,000. Under the old regime the discount received (unless charged off to profit and loss) was undisturbed.

Let us now assume that April 1 the Comptroller's "call" comes in. How shall the banker readily arrive at the amount of unearned discount? On the item mentioned, thirty days have passed since the discount, and thirty days are to run before the last dollar of the \$50 credited to the discount received account has been paid. In other words, \$25 is the amount of discount received, collected but not earned. Simple as the operation is in the foregoing entry, when a bank has hundreds of items under discount the task presents more difficulties.

#### EXPLANATION OF METHODS

There are two methods by which a bank may inaugurate the system of accruing the discount earned day by day.

*First.*—Fix a date upon which the system is to go into effect—say April 1. At the close of business March 31 designate in some way the total amount of bills discounted, "old account," for example, and after March 31 credit all notes in that total to that account as they mature daily, leaving the discount received account as it is until the last note discounted prior to March 31 has matured, when the amount of discount in that account will have been earned. On April 1 charge all notes discounted on or after that date to a new account which, for convenience, may be termed "bills discounted new account." By referring to the table herewith, it will be seen how the discount line is to be carried forward each day. After all the notes discounted in the "old account" have run off, that account will be closed and the designation "new account" dropped. By this means absolute accuracy is established, and the exact amount of earnings proved each day.

*Second.*—Another method by which the system may be installed would be, as in the former method to fix a date, which we will assume to be April 1. At the close of business March 31 the

amount of discount unearned as of that date is found. This is a tedious operation, but once worked out carefully the hardest part has been done. This amount of discount unearned is credited to that account and charged out of discount received, the amount remaining in that account having been earned. After the amount of unearned discount has been found, apportion the discount line by totals to the various rates at which the notes were discounted, after which it is just a matter of carrying along this balance each day as outlined in the table herewith.

The objection to this method, an objection the former method is free of, is that there is a possibility of a mistake being made in the many computations of interest which have to be made, and if the amount of unearned interest is incorrect to commence with, the error will carry along indefinitely. Having tabulated the amount of the discount

line by the various rates, it is a simple matter to ascertain the "average rate," another one of the Comptroller's questions. To obtain this, multiply the amount of discount by its rate and divide the result by the total line.

It must be understood that there is much hard work in organizing the system, but again the banker must remember that our organization of banking is still in the making, and that the requirements of the Government, many of which may not seem necessary, are all working out to establish a better system.

It is undoubtedly true, as the Comptroller has recently stated, that the national banks of the United States are stronger, safer and more closely observant of the laws and more efficiently managed than ever before. Their resources, now eighteen and one half billions, exceeding by two billions the greatest resources ever before reported.



## Governmental Control of Business

**N**ATIONALIZATION of industries after the war would be disastrous for Great Britain, Lord Inchcape declared in an address delivered at the annual meeting of the National Provincial Bank of England. In part he said:

"While no one objects to those who are responsible for the Government making such arrangements as they may consider necessary in the matter of control while the war is on, so as to secure adequate supplies for our army and navy and for the feeding of the people, there is a feeling that the officials who are in office during the crisis through which we are passing may be reluctant to relinquish the power with

which they are for the moment invested, and that they will wish to continue the dragooning to which we are all now subjected.

"This feeling is occasioning considerable unrest in all business circles, and I make bold to say if any government or any body of officials succeeds in getting control of the business of this country, or nationalizes its industries, they will kill the goose which has laid the golden eggs of the last two centuries, a goose which has enabled us to bear the financial burden of this war against the flagrant attempt to conquer Europe and to reduce Great Britain to the position of a vassal state."

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# Banking and Commercial Law

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## CASE COMMENT AND REVIEW

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### Surety Bonds

THE surety bond which is given to secure the faithful performance of duty on the part of bank cashiers, is, under ordinary conditions, a harmless document—a mere “scrap of paper;” and as long as the course of business runs smoothly, reposes among the documents of the bank with little or no attention. Particularly is this true where the security is personal, as was the custom before surety companies came into prominence. But as soon as the cashier goes wrong and loss ensues, this document plays an important part. It then becomes necessary to construe the terms of the bond to ascertain whether or not recovery can be had under it.

The official so secured is usually elected to office and re-elected from year to year, and the supposition is that the bond follows him as long as he holds the office. But it often happens that the bond covers merely the first term and is void thereafter. And whether or not the bank is protected depends upon a technical interpretation of the contract.

The general rule that, where such an official is appointed or elected for a definite term and gives a bond in which the liability of the surety is couched in general terms, the liability of the sureties is co-extensive with the term of office and ceases upon the beginning of another term by the same person, does not prevent the liability being extended a reasonable time after the date fixed for expiration, if the term fixed has connected with it the words “or until his successor shall be elected and qualified;” and under such circumstances the liability on the bond will continue a

reasonable time for the election and qualification of the successor.

It is a good bit of banking administration to see to it that the surety bond is in force as long as the official holds the office, and is couched in such terms as to make the meaning clear that it is so intended.

See *Webster vs. Jossman* in this issue.

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## Leading Cases

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### Bond of Cashier

MICHIGAN

*Successive Terms—Liability of Bondsman*

Supreme Court of Michigan, Dec. 27, 1917.

WEBSTER VS. JOSSMAN ET. AL.

The general rule that, where a public officer is elected or appointed for a definite term, and gives a bond in which the liability of the sureties is couched in general terms, the liability of the sureties is coextensive with the term and ceases upon the beginning of another term by the same person, does not prevent liability being extended a reasonable time after the date fixed for expiration, if the term fixed has connected with it the words “or until his successor shall be elected and qualified,” or words of similar import; and under such circumstances the liability on the bond will continue a reasonable time for the election and qualification of the successor.

A bank cashier's bond, indemnifying “at all times hereafter” against his default “whilst in the employ” of the bank

was an obligation continuing during his term of employment.

### STATEMENT OF FACT AND OPINION

Action by Elmer R. Webster, receiver, against Ralph E. Jossman and others. Judgment for plaintiff, and defendants bring error. Affirmed.

On November 18, 1902, the E. Jossman State Bank was organized under the banking laws of this state at Clarkston, in Oakland county. On this day its first board of directors held its first meeting, and the following official action was taken:

"Ralph E. Jossman was elected cashier at a salary of \$600 a year. Motion made, supported, and carried that the cashier be required to furnish a bond of \$10,000 to be approved by the directors."

The defendant Harrison Walter was elected the bank's first president, and defendant Joseph A. Jossman was one of its first board of directors. They were both present at this meeting. The attorney having the matter of the organization of the bank in charge was also present. Pursuant to the foregoing action, he prepared the bond, and it was there executed by the three defendants. The bond is as follows:

"Know all men by these presents that we, Ralph E. Jossman, of Clarkston, Michigan, as principal, and Joseph A. Jossman, of Oxford, Michigan, and H. Walter, of Clarkston, Michigan, as sureties, are holden and bound unto the E. Jossman State Bank, a corporation duly established under the laws of the State of Michigan, in the sum of ten thousand (\$10,000.00) dollars, to the payment of which to the said corporation, its successors or assigns, we hereby jointly and severally bind ourselves, our heirs, executors, and administrators.

"Whereas the above-named corporation has agreed to take the above-bounden Ralph E. Jossman into employ as cashier, upon the said Ralph E. Jossman and the above-bounden Joseph A. Jossman and H. Walter entering into a bond in the above-mentioned sum of ten thousand dollars (\$10,000), with such

condition as is hereunder written, for the faithful discharge by the said Ralph E. Jossman of his duties of cashier: Now, the condition of the above-written bond is such that, if the said Ralph E. Jossman shall faithfully discharge his duties as such cashier as aforesaid, or if the said Ralph E. Jossman and Joseph A. Jossman and H. Walter, or either of them, their or either of their heirs, executors, or administrators, shall at all times hereafter keep indemnified the said corporation and its assigns against all losses, costs, damages, and expenses which the said corporation or its assigns may pay, sustain, or be put unto by reason of its taking the said Ralph E. Jossman into its employ or by reason of any act, embezzlement, mismanagement, neglect, or default of or by the said Ralph E. Jossman whilst in the employ of the said corporation or otherwise, then, in either of the said cases, the above-written bond shall be void; otherwise the same shall remain in full force.

"In witness whereof we, the said Ralph E. Jossman, Joseph A. Jossman, and H. Walter, have hereunto set our hands and seals this 18th day of November, 1902.

"Ralph E. Jossman. [L. S.]

"J. A. Jossman. [L. S.]

"H. Walter. [L. S.]

"Signed, sealed, and delivered in presence of Leroy N. Brown."

At the annual meetings of the board of directors beginning in 1903 and ending in 1913, with the possible exception of 1907, official action was taken by the board which, if the office of cashier is an annual one, re-elected Ralph E. Jossman cashier. The language of the record of these meetings differs in the different years. On occasion it shows that he "was elected cashier for one year;" that he "be cashier for the ensuing year" that he "was hired for the ensuing year;" that he "be retained for one year," and similar expressions were used, the effect of which, as we have stated, annually elected him for the ensuing year, if the office be construed to be an annual one. The board pro-

ceeded upon the theory that the office is an annual one, and the action taken by it annually was sufficient to effectuate this view. No other bond was ever filed or required of the cashier. In 1903 a set of by-laws was prepared and adopted by the board, section 11 of which, so far as important here, reads as follows:

"Sec. 11. The cashier shall be appointed by the board of directors and continue his employment in service for the current year (unless he shall resign or for some good cause be removed). . . ."

From the organization of the bank down to August 27, 1913, Ralph E. Jossman continued as cashier. On this date the bank was closed by the state banking department, and later the plaintiff was appointed receiver. This action was taken by the department due to the insolvency of the bank through the defalcations of the cashier, which commenced in 1905, and are said to amount to over \$100,000. That they exceed the amount of this bond is beyond doubt. This action, brought on the bond, resulted in a judgment for the amount of its penalty, and defendants sue out this writ of error.

J. Fellows (after stating the facts as above). There are many assignments of error, but counsel for the appellants have very properly confined their discussion in the briefs and upon the oral argument to the controlling questions, as the case in the court below resolved itself finally into questions of law, pure and simple.

On behalf of appellants it is insisted that the bond is not a continuing one; that the office of cashier was an annual one, and was so made in the by-laws, and that the enactment of such by-laws was within the power of the corporation; that the cashier was elected annually, and the bond only covered an annual period, and ended when the cashier was elected for a new term, and, inasmuch as the defalcations of the cashier did not commence until 1905, they may not be held.

On the other hand, counsel for the receiver insists that this is a continuing

bond; that the office of cashier is not an annual office, but by the statute his term is at the pleasure of the board; that, his term being so fixed by the statute, it was inadmissible for the board to enact a by-law in conflict with the statute; that when the cashier was first selected it was for an indefinite term, and his bond is so conditioned as to render the sureties liable for such indefinite term; and that in any event the subsequent adoption of the by-laws did not change the liability of the sureties theretofore undertaken.

The specific questions here involved have not been settled by the former adjudications of this court. *Stadler vs. City of Detroit*, 13 Mich. 346, and *Dunphy vs. Whipple*, 25 Mich. 10, cited to us, are not decisive. In the first of these cases the salary of the city marshal of the city of Detroit was involved, and the question for decision was the length of term of that office. In the second case the action was on the bond of the sheriff of St. Clair county, conditioned for the faithful performance of his duties as such during his continuance in office by virtue of his election for a term of two years. Under a statute then in force (section 415, C. L. 1857) he was required to renew his bond within 20 days after the first of January in each succeeding year. This he failed to do, but continued to act de facto, and his sureties were held liable. The bond was broad enough to cover the entire term.

The case of *Lord Arlington vs. Merricke*, 2 Saunders Rep. 411a, was an action brought by the Postmaster General upon the bond of one Thomas Jenkins, who had been appointed a deputy postmaster on April 30, 1667, for a term of six months, and had given the bond upon which the action was brought. The bond contained a recital of the term of the appointment, and its terms of liability were very broad. The breach was alleged to have been committed September 22, 1669, nearly two years after the term had expired, although Jenkins had continued as deputy postmaster. It was held that the surety was not liable, and that the recitals in the bond of the term of the appoint-

ment limited the general language of the bond to that period, and, as the breach did not occur during the term of the appointment, there was no liability. From the time of this decision in 1671, and frequently citing it as authority, the general trend of decision has been that, where a public officer is elected or appointed for a definite term, and gives a bond in which the liability of the sureties is couched in general terms, the liability of the sureties is coextensive with the term, and ceases upon the beginning of another term by the same person. We have stated the general tendency of decision. We are aware that it is not universal, but are satisfied that the great weight of authority is as stated. This general rule does not prevent liability being extended a reasonable time after the date fixed for expiration, if the term fixed has connected with it the words "or until his successor shall be elected and qualified," or words of similar purport. Under such circumstances the liability on the bond will continue a reasonable time for the election and qualification of the successor. *Chelmsford Co. vs. Demarest*, 7 Gray (Mass.) 1; *Mutual Loan & Building Association vs. Price*, 16 Fla. 204; *People's Building Association vs. Wroth*, 43 N. J. Law, 70; *O'Brien vs. Murphy*, 175 Mass. 253, 56 N. E. 283.

Nor does this put aside the rule that bonds are contracts between the parties, and that, if sureties engage by the language of the bond to become liable for any future term the principal may be elected or appointed for, they will be held liable upon their contract. *People's Building Association vs. Wroth*, supra; *Shackamaxon Bank vs. Yard*, 143 Pa. 129; *Ulster County Savings Institution vs. Young*, 161 N. Y. 23. And where, by the terms of the bond their liability is limited to only a portion of the term, such limitation will be recognized.

With the growth of corporations and the necessity of electing officers for their management, the question of liability of sureties on the bonds of corporate officers has arisen, and the general trend has been to follow the authorities having to deal with official bonds, and

give the same effect to a term of a corporate officer as is given to a term of a public officer, and to limit liability of sureties correspondingly. *South Carolina Society vs. Johnson*, 1 McCord (S. C.) 41, 10 Am. Dec. 644; *Kingston Mutual Ins. Co. vs. Clark*, 33 Barb. (N. Y.) 196; *Citizens' Loan Association vs. Nugent*, 40 N. J. Law, 215; *Fresno Enterprise Co. vs. Allen*, 67 Cal. 505; *Ulster County Savings Institution vs. Ostrander*, 163 N. Y. 430; *First National Bank vs. Samuelson*, 82 Neb. 532; *Welch vs. Seymour*, 28 Conn. 387.

The result of these cases will be found to be that, where the office, whether public or corporate, is held for a fixed term, and the obligation of the surety is couched in general language, or refers to the term, the surety contracts for such term, and he contracts for no more, excepting only where the term may be extended for the election or qualification of his successor a reasonable time, as we have shown; and, as a necessary corollary, it follows, and the cases so hold, that where the term is for an indefinite period, or during the pleasure of the appointing power, and the obligation of the surety is couched in general language, the surety contracts for such indefinite term or during the pleasure of the appointing power, and he contracts for no less.

We now come to the crucial question in the case: "Did Jossman hold the office of cashier for an indefinite term or for an annual one?" This question requires for its answer the solution of two other questions, viz.: (1) Was the office an annual one under the statute? (2) Was it within the power of the corporation to make the term an annual one?

1. It is pointed out that the directors of a bank are elected annually, and it is urged that this fact should have force upon this branch of the case. Section 6407, *Howell's Statutes* (2d Ed.), provides, so far as important here, as follows:

"The affairs of each bank shall be managed by a board of not less than five directors, who shall be elected by the stockholders and hold office for

one year, and until their successors are elected and have, qualified."

The provision of the law in force during the period covered by this transaction is found in section 6399, Howell's Statutes (2d Ed.), in the section defining the powers of the corporation. It reads as follows:

"Upon making and filing the articles of incorporation required by this act the bank shall become a body corporate, and as such shall have power: \* \* \*

"Fifth. To elect or appoint directors, who shall choose from their members a president and one or more vice presidents, and shall have power to appoint and employ a cashier or treasurer, and other officers, define their duties, require bonds from such officers and clerks, dismiss such officers so elected or appointed, or any of them at pleasure, and elect or appoint others to fill their places. \* \* \*

It will therefore be seen that the cashier serves at the pleasure of the board. The fact that the appointing power was chosen annually does not change the situation. The cashier was chosen to serve that corporation, not the individuals who may, for the time being hold the office of directors. *Louisiana State Bank vs. Ledoux*, 3 La. Ann. 674, is directly in point. It was there said:

"The argument presented is mainly deducted from the provisions of the charter with regard to the election of directors. It provides that the directors of the bank shall be annually elected, and forbids the re-election of more than two-thirds of the directors in office at the time of each annual election, permitting no director to hold his office more than three years out of five in succession. But it does not follow from this legislation with regard to the board of directors that the mere clerks and servants of the corporation should hold their appointments by the same tenure. If these clerks and servants were to be considered the mere clerks and servants of the directors who appoint them, the conclusion might be a reasonable one. But we do not so regard them. They

are the clerks and servants of the corporation; and the limited term of service of the directors does not control the duration of such appointments."

The authorities directly in point upon this branch of the case are not so numerous as those upon the subjects heretofore discussed, and they are not harmonious. It must be patent to counsel that a résumé of all cases which the industry of counsel on both sides of the case has brought to our attention is out of the question. They have all been examined, those directly in point, and those which are thought by analogy should apply. We shall first consider those urged by appellant's counsel to be especially in point upon this branch of the case. The Supreme Court of Iowa must be held to have sustained counsel's contention without reserve. *Ida County Sav. Bank vs. Seidensticker*, 128 Iowa, 54, and *Wapello State Sav. Bank vs. Colton*, 133 Iowa, 147, are in point. An examination of the statutes of Iowa, with reference to the organization and management of savings banks (chapter 10, tit. 9, Code of Iowa 1897) does not disclose a wide divergence from the language found in our own act, although the provision in the Iowa act with reference in the election of a cashier is not found in the section defining the power of the corporation as it is in our act.

The facts in *Bank vs. Briggs's Assignees*, 69 Vt. 12, are somewhat dissimilar from those in the instant case. There a by-law had been adopted providing that the cashier should hold at the pleasure of the board. The cashier, however, was elected "for the year ensuing," and under such election gave the bond sued upon. Here the cashier was originally elected for an indefinite period before any by-laws had been adopted. His bond was given to qualify him on that election. In that case there was no testimony of infraction of the rules by a long usage, and the court said:

"The case cannot be put on the ground that the corporation had, by long and uniform practice, made the office an annual one, notwithstanding

the provision of its by-law. This bond was given at the cashier's first election, and the case does not show what the previous course of the corporation had been. But, irrespective of any previous action of a similar character, we think the liability of the surety is to be determined with reference to the appointment as made."

Should we follow this expression to its logical sequence, might we not say in the instant case that the liability of the bond sued upon had reference to such original appointment for an indefinite period? But we prefer not to give too narrow a construction. This case cannot be regarded as forceful for appellant's claim as are the Iowa cases.

When we read the section of the statutes of Missouri having reference to the officers of banks (section 3, p. 330, Wagner Rev. St. Mo.), it becomes readily apparent that the case of *Sav. Bank of Hannibal vs. Hunt*, 72 Mo. 597, is clearly distinguishable from the instant case. The section of the Missouri statutes referred to reads as follows:

"3. The affairs and business of any such association shall be managed and controlled by a board of directors, not less than five nor more than thirteen in number, from whom there shall be designated by themselves a president, a cashier and a secretary, who shall hold their office for one year, and until their successors are duly elected and qualified."

It will therefore be seen that the term of the office of cashier was there fixed by the statute as an annual term, and the case is not authority on the question now under discussion.

The case most strongly relied upon by counsel for the receiver is *Westervelt vs. Mohrenstecher*, 76 Fed. 118. It is urged that this case should control from the fact that the provision under consideration, found in our banking act, was taken literally from the National Bank Act, and it is urged that we are bound by construction placed upon it by the federal courts. But counsel overlooks the fact that the case in ques-

tion was decided after our banking law was enacted and does not come from the court of last resort. The case therefore is controlling only so far as its reasoning is persuasive. The case, however, is so like the instant case in its facts, and so cogent in its reasoning, that it is most persuasive. As we have stated, the provisions of the National Bank Act there under consideration were adopted in the section of our banking law above quoted. In that case, as here, by-laws had been adopted making the term of the cashier an annual one. The cashier there, as here, gave a bond upon his first appointment and gave no further bond. There, as here, the board of directors annually re-elected him cashier. It was there held that, the Congress having fixed by the National Bank Act the term of the cashier as an indefinite one, subject to the pleasure of the board, it was beyond the power of the board to pass a by-law in conflict with the act of Congress, and that the purported annual elections of the cashier were nullities, and the bond liable for defaults during the occupancy of the office by the principal. It was said:

"The act of Congress under which this bank was organized provided that its board of directors might appoint a cashier, require bonds of him, and fix the penalty thereof, and dismiss him at pleasure, and appoint another to fill his place. Its articles of association provided that the board might appoint a cashier, fix his salary, and continue him in office, or dismiss him, as in the opinion of a majority of the board the interests of the association might require. It is plain that, in the absence of any other regulations, a cashier once appointed under this act of Congress and these articles of association would hold his office until he resigned, or until the board of directors of the bank dismissed him. A subsequent appointment of the same man to the same office would have no more effect upon him, or upon the term of his office, than a second deed of the same property by one who had already conveyed it to the same grantee would have. The only act of the board

of directors that could effect the tenure of his office, under the act of Congress, would be his dismissal. It is, however, contended that the by-laws (which provided that the cashier should be elected at the annual meeting in January in each year, should give a bond in the sum of \$10,000, and should hold his office for one year, and until his successor was elected and qualified) made this an annual office, and limited the term of the office of this cashier to the unexpired portion of the year for which his predecessor, Vieths, was elected. But how could the by-laws of this bank repeal or modify the act of Congress and the articles of association under which they were enacted? The act of Congress expressly fixed the tenure of office of the cashier of this bank. It expressly provided that the board of directors might dismiss the cashier and certain other officers 'or any of them at pleasure and appoint others to fill their places.' It provided that this cashier should always hold his office subject to instantaneous removal at the pleasure of the board of directors. \* \* \* In our opinion, the provision of the act of Congress to which we have referred was inserted *ex industria* to provide for this very contingency. In any event, it is there, and it clearly provides that the cashier of a national bank may be dismissed at the pleasure of the board of directors, and that it may appoint, not the same man again, but another in his place. National banks are the creatures of the act of Congress. Under familiar principles, they have no powers beyond those expressly granted and those fairly incidental thereto. The *Omaha Bridge Cases*, 10 U. S. App. 98; *Union Pac. Ry. Co. vs. Chicago, R. I. & P. Ry Co.*, 2 C. C. A. 174. It follows from this principle that, since the act of Congress expressly provides that the cashiers of national banks should hold their offices subject to the pleasure of the board of directors, neither the bank nor its board can make time contracts or appointments in violation of that provision. *Harrington vs. Bank*, 1 Thomp & C. [N. Y.] 361; *Boone, Banking*, section 353; *Ball, Banks*, 65. What, then, is the effect of these established rules

upon the by-laws of this bank? It is that that part of these by-laws which provides that the cashier shall hold his office for one year, and that he shall be elected annually, must fall, and the cashier of the bank must hold his office under the act of Congress, subject to immediate removal at the pleasure of the board of directors, until he resigns or is removed."

A much-cited case and one quite in point is *Amherst Bank vs. Root*, 2 Metc. (Mass.) 522. In this case the cashier was elected "for the year ensuing" and gave the bond in suit. He was reelected the succeeding year, but gave no new bond. The default in the bond occurred after the first year. The act of the Legislature under which the bank was organized made the term indefinite. It was held that the act under which the cashier was elected controlled, Chief Justice Shaw saying:

"We think, therefore, that when Luther Root was elected cashier, in October, 1831, even if it was entered in the directors' minutes as an election for the ensuing year, it not being by law an annual office, he held it by force of the provision of the general law above stated, until another was chosen in his stead."

After discussing the matter somewhat, he concludes:

"But another and perhaps more satisfactory answer is that the directors are presumed to know the general law; that they consequently know, when they come into office, that the cashier, whom they find there, will by law continue in his office, unless they think fit to remove him. Their act is to be taken in connection with their presumed knowledge of the law in this respect. But it may be satisfactory to them, constituting in theory, and sometimes in fact, a new board of directors, and also satisfactory to the cashier, that they should express their will and intention upon the subject. Under such circumstances the election of the cashier to an office which he already holds, and would hold without election, must be regarded as a manifestation of their will and intent

that he should continue to hold the office for another year, unless there should be cause afterwards to remove him. That such an election is considered by the directors themselves as the continuance of an existing office, and not the commencement of a new one, is manifest from the fact that they require no new bonds."

*Stevens vs. Orton*, 18 Misc. Rep. 538, is similar to the present case, except that the by-law there involved followed the federal statute, the bank being a national bank. This is not important, because, if the bank had the power to fix the term by the enactment of a by-law, it would likewise have the power to fix the term by action taken at the time of the election. In that case the cashier was first elected without fixing his term, and he gave his bond upon such first appointment, as did the cashier in the instant case. Thereafter annually he was reelected. At times the proceedings showed that he was elected for the ensuing year, and at times this was omitted. The same defense was there made as is here insisted upon; but the bond was held to be a continuing one, and the sureties liable for breaches of the bond occurring after the cashier's reelection.

Upon principle the contention of the plaintiff must prevail. A savings bank is a creature of the statute, and has the powers expressly granted to it, and such as are fairly incidental thereto. It has power to elect a cashier, and the term of such officer is fixed in the same section as the grant of power. It cannot be said that it is an incident to such granted power to fix a different term than that fixed by the statute to pass a by-law in conflict with the act granting the power. Such action in conflict with the act granting power cannot be said to be incidental to the power granted. The position of cashier is a most important one. His standing and reputation in the community is of vital importance to confidence in and success of the bank. A breath of suspicion, founded or unfounded, affects not only him, but the institution with which he is connected. The legislative wisdom has therefore

made his tenure at the pleasure of the board. The Legislature, and the Legislature alone, can change that tenure. We therefore conclude that the by-law fixing the term of the cashier different than the provisions of the statute was ultra vires and void. The cashier held at the pleasure of the board. His bond was a continuing one, and the sureties are liable in this action.

The judgment is affirmed.

(165 N. W. Rep. 802.)



## Fraud

In an action on a note, an answer alleging that the payee represented to defendant that it would ship five pianos, worth \$50 each, as an advertising proposition, for the price of \$350, and that a friend of defendant's had accepted the proposition, when in truth and in fact the pianos were worth only \$125 each, and no sale had been made to the person named, is sufficient to permit the showing of fraud in procuring the note as well as proof of failure of consideration, and is therefore sufficient.

*Stevens vs. Gustine Mercantile Co.*, 197 S. W. Rep. 1126.



## Corporation Checks

The secretary of complainant corporation received checks payable to complainant or order in payment of rent due the company. His only duty in connection with such checks was to appropriately indorse and deposit the same to complainant's account in its designated depository bank. A number of such checks he indorsed by himself as secretary without authority and deposited to his own personal account in defendant bank, where he also deposited money of his own. Upon this account he drew checks, some of which were to defendant in payment of notes given for money borrowed for his personal use. *Held*, that defendant was chargeable with notice that the checks so deposited

were the property of complainant, and not of the depositor, and that so much of the deposit account as was made up of their proceeds was a trust fund; that, while it had the right to presume that checks given by the depositor for personal obligations were not intended to be paid from such fund so long as the account was sufficiently large, it was liable to complainant for money which it had itself received with reason to know that it came from the trust fund.

*Santa Marina Co. vs. Canadian Bank of Commerce*, 242 Fed. Rep. 142.



### Trust Account

A bank account in the name of a decedent and his niece, which, when it was changed to that form, was accompanied by an agreement that the amount thereof should be set aside, and that either might at all times draw all or any part of it, and that at the death of either the account should belong to the survivor, to which the niece had contributed no money, not appearing to have been opened for convenience, and where the niece had never drawn upon it, was within Banking Law (Consol. Laws, c 2), section 144, in force in 1912 (now section 249, as reënacted by Laws 1914, c. 369), a joint account creating a survivorship, so that on the decedent's death it was not taxable under the Transfer Tax Law.

*In re. Reynolds Estate*, 163 N. Y. Supp. 803.



### Authority of Officers

Where the directors of a bank passed a resolution duly authorizing certain of its officers to borrow money from another bank and to execute the borrowing bank's promissory notes for the amount and deposit bills receivable as collateral security, and where there was thereafter a course of dealing between the two banks in accordance with this resolution, the execution of a note by

the officers of the borrowing bank and the transfer and assignment of collaterals to secure its payment is not invalid for want of authority on the part of the parties giving the note and transferring the collateral, although the note was not given immediately after the passage of the resolution; it appearing that there was no revocation of the authority to borrow money and give such note. And renewals of the note given in pursuance of the authority thus conferred stand upon the same footing as the original note, unless such renewals were given under circumstances which rendered them obnoxious to the law which inhibits the giving of preferences by banks when in failing circumstances. Applying this ruling to the evidence, there was no error in overruling the exceptions to those portions of the auditor's report favorable to the claims of the American Exchange National Bank and the Mechanics and Metals National Bank.

*Collins vs. American Exchange Nat. Bank*, 93 So. E. Rep. 880.



### Payment of Capital in Cash

The organizer of the O. bank, intending it to have a capital of \$50,000, as required by the state law, procured \$2,000 in cash and \$11,450 in notes for stock, and delivered them to the vice-president and manager of the C. bank, with his own note for the balance of the \$50,000, whereupon the C. bank issued a certificate of deposit for \$50,000, upon the credit of which the O. bank opened its doors and commenced business. It was agreed that, on demand, the organizer of such bank would charge off the credit given to it by the C. bank. Held, that the capital was not paid in cash as required by law, and the O. bank's authority to open its doors and engage in business was fraudulently obtained.

*McKinney vs. United States Nat. Bank of Centralia et al.*, 242 Fed. Rep. 48.

# International Banking and Finance

SPECIAL

**BANKERS  
MAGAZINE**

SECTION

## Negotiable Instruments Map and Holiday Calendar

The combined Negotiable Instruments Map and Calendar of legal holidays, which for years has been issued by the Irving National Bank, has been corrected for the year 1918 and will be forwarded upon request.

### IRVING NATIONAL BANK

WOOLWORTH BUILDING  
NEW YORK



RESOURCES OVER  
\$100,000,000

STRICTLY A COMMERCIAL BANK

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**MANAGER FOREIGN DEPARTMENT**  
**FRANZ MEYER**

**CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000**

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## The United States and the Union of South Africa

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**A**FRICA has shared with the rest of the world the disturbing effects of the war. The National Bank of Commerce in New York has issued a statement which discusses the changes in the foreign trade of the Union of South Africa from 1915 until the present.

The Union of South Africa embraces the provinces of the Cape of Good Hope, Natal with Zululand, the Orange Free State and the Transvaal, a total area of 473,100 square miles—an area more than twice that of France. According to the latest census, that of 1911, the population amounted to a total of 5,973,394 persons, of whom 1,276,242 were Europeans or whites, and 4,019,006 natives. Thus the natives outnumber the Europeans by about four to one.

The coast line of South Africa is little indented. There is an excellent natural harbor at Saldanha Bay, while at Port Natal and at Table Bay (Cape Town) excellent harbors have been constructed. While harbor improvement has necessarily been curtailed by the

war, large appropriations have been made for this purpose and will no doubt be expended when peace again prevails.

From Cape Town to New York the distance is 6,800 miles. From Cape Town to London it is 6,300 miles, while the distance from the chief ports of France and Germany is approximately the same. Yokohama is 8,000 miles away from Cape Town. Thus, while New York is a little farther from South African markets than western Europe, the difference is not sufficient to prove a handicap, while as compared with Japan, the difference is decidedly in our favor.

The principal industry in the Union of South Africa is the production of minerals. The total value of the mineral output for the Union, for the calendar year 1916, was \$246,212,582, as compared with \$211,843,655 in 1915.

The effects of the war have not been very noticeable on the production of gold. The output of the Union in 1916 represented forty-one per cent. of the world's production for that year, as

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# U. S. Army or Navy Red Cross or Y. M. C. A.

Letters of Credit are the safest and most convenient medium for carrying funds.

During the war we are issuing such Credits, *free of commission*, to officers and men in the U. S. Army and Navy, and to those engaged in Red Cross or Y. M. C. A. work.

*We have also sent our American representative to France for the convenience of our friends, with headquarters at the office of the Credit Commercial de France, 20 Rue Lafayette, Paris.*

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---

compared with thirty-nine and five-tenths per cent. for 1915. The diamond industry, however, was almost brought to a standstill, and is now operating under a policy of restriction of supply. Coal, on the other hand, has met with an ever-increasing demand, due largely to the diversion of shipping to the Cape route.

Our share of the total import trade of South Africa has shown a gratifying increase since the outbreak of the European war. In 1914 our imports represented ten per cent. of the total. In 1915 they had increased to fifteen per cent., while in 1916 they were sixteen per cent. of the whole. This gain has not been at the expense of the United Kingdom, which has likewise shown an increase from fifty-seven per cent. in 1914 to fifty-nine per cent. in 1916. Our gain has been primarily at the expense of Germany, which in 1914 was able to import seven per cent. of the total of all merchandise received in the Union and which has now been entirely driven out of the market. With the ex-

ception of Sweden, whose exports to South Africa doubled from 1915 to 1916, the European neutrals, which had shared in the South African trade, apparently have approximately held their own. Imports of merchandise into the Union from Japan have increased from less than one-tenth of one per cent. in 1914 to two per cent. in 1916. Thus, although the total is not large, the ratio of the increase has been great.

American competition is being felt in South Africa, especially in lumber, paper, oil, agricultural implements, motor cars and tires, electrical machinery and clocks. During 1915 and 1916 America had the undisturbed control of the market for automobiles and motorcycles. This has been accompanied, of necessity, by the importation of accessories, tires and gasoline. In many lines of textiles and apparel, America has also secured a footing. The American producer has also entered effectively into competition in the market for wood screws, wire rope and related lines. American boots and shoes have been

**The  
National Shawmut Bank  
of Boston  
Foreign Banking**



**Capital . . \$10,000,000  
Surplus . . 7,000,000  
Undivided Profits 2,100,000**

Complete service to banks throughout the country in all branches of Domestic and Foreign business.

Commercial and Travelers' Letters of Credit; Collection of Foreign Drafts. Foreign Exchange and Cable Transfers purchased and sold.

**CORRESPONDENCE INVITED**

materially assisted in regaining part of their lost share in the trade, while the rubber shoe business has, at least temporarily, become an American monopoly.



**Lloyd's Bank**

**T**HE annual meeting of Lloyd's Bank was held at Birmingham February 5, Sir Richard V. Vassar-Smith, Bart., in the chair. From his address the following information is taken regarding the bank's progress.

The amount of current deposit and other accounts is £174,068,046, an increase of £22,699,740 over 1916. Acceptances are £10,375,536 against £6,321,115, but to the latter figure must be added £4,886,754 on British Government account. There has been add-

ed to the reserve fund £400,000, making it the round figure of £4,000,000.

On the assets side, the cash in hand and at the Bank of England is £3,430,712 less, and the cash at call and short notice £761,553 more. Bills of exchange are £24,594,707 more—a very large increase. War loans and other British Government securities are £1,546,989 less, and the Indian and Colonial Government securities and other stocks are down by £2,575,725. There is an addition of £400 to the capital of Lloyds Bank (France). The advances to customers, £61,466,708, are £5,609,867 more; still the amount is less than the usual proportion. The premises figure is £131,099 less.

Profits have shown a very satisfactory expansion for 1917, the profits for the past twelve months amounting to £1,463,126 as compared with £1,283,798 for the previous year. The dividend is maintained at the rate of eighteen and one-eighth per cent.—the rate which has been distributed each year since 1910—and of the balance £400,000 is added to the reserve fund, bringing it up to £4,000,000, while £100,000 is written off bank premises account, and £100,000 is set aside for payment of a staff bonus during the current year. There then remains a balance to be carried forward of £289,464 as against £107,205 brought in. Twelve months ago it was necessary to appropriate £520,000 for investment depreciation: this year, no such provision is called for. The growth in the profits of the institution during the past seven years

**NOYES & COMPANY**

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**Foreign Bills  
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**8, Place Edouard VII.  
PARIS - FRANCE**

# *The First National Bank of Chicago*

welcomes and appreciates the accounts of banks and bankers. Its extensive clientele, developed during more than fifty years of consistent, considerate service, is splendid endorsement of the agreeable and satisfactory relations maintained with correspondents.

## Capital and Surplus, \$22,000,000

**JAMES B. FORGAN**  
*Chairman of the Board*

**F. O. WETMORE**  
*President*

may be seen from the statement herewith:

Year.	Net Profits.
1911 .....	£884,620
1912 .....	991,413
1913 .....	1,183,912
1914 .....	1,175,588
1915 .....	1,259,190
1916 .....	1,283,798
1917 .....	1,463,126

000,000 to £35,000,000, or a rise of £19,000,000; the investments from £10,000,000 to £37,000,000, a rise of £27,000,000; bills of exchange from £10,000,000 to £39,000,000, a rise of £29,000,000; and advances from £50,000,000 to £61,000,000, a rise of £11,000,000. The figures are as shown herewith:

Dec. 31,	1913	1917	Increase	Per Cent.
Deposits .....	£91,511,992	£174,068,047	£82,556,055	90
Cash .....	16,176,360	34,684,836	18,508,476	116
Investments .....	10,456,561	37,760,075	27,303,514	273
Bills of exchange .....	10,829,874	39,901,359	29,071,485	290
Advances .....	50,871,241	61,466,709	10,595,468	21

Since 1913 the deposits of the bank have risen from £91,000,000 to £174,000,000, while the total working resources have risen from £99,000,000 to £184,000,000. This increase of £85,000,000 in resources has been used in enlarging the cash holding from £16,-

On December 31, 1917, the proportions of the assets to the deposits were: cash, twenty per cent.; call money, four per cent.; investments, twenty-two per cent.; bills of exchange, twenty-three per cent., and advances, thirty-five per cent.

# London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Paris Branch: 16 Rue Halevy.

Antwerp Branch: Temporarily in London.

	(\$5=£1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	9,000,000
RESERVE FUND - - - - -	10,000,000

## DIRECTORS.

E. ROSS DUFFIELD, Esq., *Chairman*  
The Hon. HUGO BARING.  
WILLIAM T. BRAND, Esq.  
JOHN G. GRIFFITHS, Esq., M.V.O.

ROBERT A. THURBURN, Esq., *Managing Director*  
KENNETH MATHIESON, Esq.  
HERMAN B. SIM, Esq.  
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## LONDON BANKERS.

BANK OF ENGLAND.

LONDON COUNTY WESTMINSTER AND PARS' BANK, LTD.

## BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2123 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.  
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency . . . 51 Wall Street,

W. R. ROBBINS, AGENT.

The growth made by the bank since it was first started in 1865 by a union of forces between Messrs. Lloyds & Co., and Messrs. Moilliet & Sons is enormous. The bank has now offices in forty-five out of the fifty-two counties in England and Wales, and thus it is interested in practically every industry in the country. Lloyds Bank may justly be denominated the pioneer of the policy of bank amalgamations and during the fifty-three years that it has been in existence no fewer than forty-seven businesses have been absorbed. Recent important steps have been the formation in 1911 of a French auxiliary—Lloyds Bank (France), Ltd., now enlarged to Lloyds Bank (France) and National Provincial Bank (France), Ltd., with offices in London, Paris, Havre, Bordeaux Biarritz and Nice and the formation of the British-Italian Corporation in conjunction with the London County and Westminster Bank and the Credito Italiano in 1916.

## Union of London and Smith's Bank

ADDRESSING the annual meeting of shareholders of the Union of London and Smith's Bank, Sir Felix Schuster, Bart., governor of the bank, after announcing that the directors had declared a final dividend for the year at the rate of ten per cent. per annum, subject to income tax, and commenting on the trade and industrial situation, said:

This brings me to a point, probably the most important, in our report, I mean the arrangement which we have concluded for the amalgamation of this bank with the National Provincial Bank of England. Extraordinary meetings to consider this agreement will very soon be called—I hope in the course of a week or two—and to-day my remarks on this subject will only be quite brief. In coming to the conclusion that such an amalgamation was desirable, we have not been actuated by a desire to present big figures, and for that purpose alone to enter into rivalry with institutions that are more extended than ours. We are by no means a small bank, and we are quite



General view of the Taal Volcano—popular with tourists



## PHILIPPINE NATIONAL BANK

MANILA, P. I.

New York Agency: Woolworth Building



able to hold our own. At the same time there is no doubt that in order to be in the best position not only to do well for our shareholders, but to give our customers the greatest facilities, it is highly important to be represented in the great industrial centres all over the country. When, therefore, the opportunity occurred for this amalgamation we felt that the step was one which, in the interests of all parties, we should recommend for the approval of our shareholders. I need not say anything as to the position of the National Provincial Bank, which since its establishment eighty-five years ago has taken a leading part and was one of the pioneers in the development of banking throughout the country, and which has deposits totalling nearly twice the amount of ours. In associating ourselves with them we shall secure representation in the great centres of industry and commerce where we are not at present directly represented, while we believe that we can bring corresponding advantages to the National Provincial in London and important sections of the country. Indeed, the two banks complement each other, for with a combined total of nearly seven hundred offices we meet outside London in only about thirty-five places, and in the London area there is hardly any overlapping. The subscribed capital of the combined bank will be over twenty-eight millions, the paid-up capital

£5,476,000, the reserve fund in the neighborhood of £4,000,000, not less, and the total deposits as on December 31 last over 175 millions. Our shareholders will thus have the opportunity of becoming partners in one of the largest, and I venture to say strongest, institutions not only in this country, but in the world, and the step is one which we shall be able cordially to recommend to the acceptance of our proprietors.

Our own figures need very little comment. Current and deposit accounts show an increase of more than seven and one-half millions over the figures of last year and amount to £62,800,000; cash in hand and at Bank of England thirteen and one-half millions is slightly less than last year, but money at call and short notice has increased by over four millions and amounts to £14,300,000, so that the two cash items together are no less than forty-four and one-half per cent. of our liabilities on current and deposit accounts. Investments show a decrease of £900,000 and amount to £15,000,000; our bills discounted have increased by £2,200,000 and stand at over £6,000,000; loans and advances £18,500,000 have increased by £3,200,000, which increase is mainly due to the facilities granted to our customers for the purpose of subscribing to the War Loan. The only item which shows an important decrease is acceptances and guarantees, standing at £1,750,000,

# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	.	.	(\$5=£)	\$12,500,000
Paid-up Capital	.	.		2,750,000
Reserve Capital	.	.		3,500,000
Subscribed Capital	.	.		6,250,000
Reserves	.	.		1,977,235
Surplus over Liabilities	.	.		8,227,235

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

against £3,500,000, a decrease mainly owing to the reduction of certain liabilities on behalf of our own Government. It has not been our policy during the war to encourage acceptance business to too large an extent, and particularly have we avoided anything in the nature of finance paper. The gross profit has increased £363,000, which increase, however, has been absorbed by the greater amount of interest allowed to our customers, amounting to no less than £1,340,000, an increase over last year of £323,000, and by the growth of charges.



## British Linen Bank

**D**URING the year ending January 15, the British Linen Bank, whose annual meeting was held at Edinburgh, March 4, made the following report:

Net profits	£296,233	14	9
Brought forward	55,378	5	6
Total	£351,612	0	3

Out of this £200,000 was applied to dividends (less income tax of £50,000);

£70,000 was applied to reduction of bank premises and other heritable property; £50,000 was transferred to reserve fund, leaving £81,612 to be carried forward.

The British Linen Bank was incorporated by royal charter in 1746, an abstract of the general balance-sheet as of January 15, 1918, showed: Capital, £1,250,000; reserve fund, £1,150,000; pension reserve fund, £100,000; deposits, receipts and current accounts, £22,747,305; total assets, £29,208,187.



## English Banking Profits

**R**EVIEWING the profits of the English banks for 1917, the London "Economist" states that six of the banks have raised their distributions. Barclay's Bank, whose profits increased by over £71,000, distribute a bonus of two and one-half per cent. on the "B" shares, making a total payment of

## Canadian War Factories

During the past three and a half years Canada has organized over 500 highly efficient munition factories. Contracts for munitions and other war commodities to an estimated value of \$50,000,000 have already been placed in Canada by the United States.

American manufacturers desiring to place contracts or sub-contracts in Canada for time, fuses, bodies, sockets, gages and other shell parts, ammunition boxes, wagons, blankets, sweaters, etc., may obtain information with respect thereto through the New York Agency.

## Union Bank of Canada

Head Office, Winnipeg

New York Agency  
49 Wall Street

Capital and Surplus, \$8,500,000

Geo. Wilson } Agents  
F. T. Short }

twenty per cent. as compared with seventeen and one-half per cent. The Lancashire and Yorkshire pays seventeen and one-third per cent, as against sixteen per cent., thus raising the rate to "practically the same as it was before the war." The County and Westminster, whose profits are considerably higher, even after deduction of the tax, increases the rate by one per cent., to nineteen per cent. This compares with twenty-one and one-half per cent. paid for 1914. Parr's profits rose by £67,300, and the dividend is raised from eighteen to nineteen per cent. The Union Bank of Manchester pays eighteen and two-elevenths per cent., less income-tax, as compared with thirteen and one-third per cent., free of tax. The three discount companies show large increases in profits, having been able to obtain their money at fairly reasonable rates, and to take advantage of good Treasury bill rates. In addition to a dividend of ten per cent. paid less tax, Alexanders pay a bonus of two per

cent., free of tax, while the National Discount raises the rate from ten to eleven per cent.

A year ago over £4,300,000 was set aside by certain banks to meet depreciation in the value of their investments, and this followed a similar allocation of £3,000,000 in the previous year. This time the bulk of the special appropriations consists of reserves for contingencies, for which purpose only £15,000 was set aside in 1916. The sums written off premises this time are on a larger scale. The reason is not obvious, but this method of creating hidden reserves is a favorite one with many banks. The staff fund allocations are also rather larger than in the previous year. Barclay's make a special donation of £100,000 to the staff widows' fund as a war memorial to commemorate members of the staff who have fallen, doubling the amount of the annuities at present payable. With one exception the balances carried forward have been increased, conspicuously in

# The Bank of the Philippine Islands

(ESTABLISHED 1851)

No. 10 PLAZA DE CERVANTES

MANILA, P. I.

JNO. S. HORD, President

E. SENDRES, Vice-President

(\$0.50=1 peso)

Authorized Capital . . . . . (pesos) 10,000,000.00

Capital fully paid-up . . . . . 4,500,000.00

Reserve Funds . . . . . 1,775,000.00

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

Interest allowed on fixed deposits and current accounts accepted on terms which may be had on application.

BRANCHES: ILOILO AND ZAMBOANGA

## AGENTS

London: Nat'l Bank of Scotland, Ltd.  
Spain: Banco Hispano Americano  
Hongkong: Netherland India Com'l Bank  
San Francisco: Wells Fargo Nevada Nat'l Bank  
New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte  
Australia: Bank of New South Wales  
Shanghai: Yokohama Specie Bank, Ltd.  
Chicago: Continental & Commercial Nat'l Bank  
Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

the cases of the London City and Midland, Lloyds, Capital and Counties, Parr's and Union of London and Smiths. Of the discount companies, Alexanders reserves £30,000, as against £20,000 a year ago, and the Union £25,000, as compared with £10,000 written off premises at the end of 1916.



## The Clydesdale Bank

NET profits of the Clydesdale Bank, Limited, for the year ending December 31, 1917, were £286,257, to which was added the sum of £26,810 brought forward from the year 1916. The total was applied as follows:

Dividend of sixteen per cent.—£160,000.

In reduction of bank buildings—£5,000.

Superannuation and allowances fund—£10,000.

Provision for depreciation of investments—£40,000.

Reserved surplus fund—£70,000.

There was carried forward £28,067 to 1918 account.

From the abstract of the balance-sheet as of December 31, 1917, it appears that the paid-in capital is £1,000,000; reserved surplus fund, £1,070,000; deposits and other accounts with credit balances, £26,426,240; total assets, £31,550,091.

The head office of the Clydesdale Bank is at Glasgow, Scotland.



## Growth of the War Debt

AN interesting phase of present and future world finance is the growing war debt. Some figures and comments on the increase in the public debts of leading European countries appeared in a recent issue of the New York "Journal of Commerce and Commercial Bulletin." It states that with the rapid growth of debt in all countries, the financial outlook is more and more

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## Irving Trust Company

Frederic G. Lee, President

Woolworth Building, New York

serious every month, as a survey of European indebtedness shows: the condition of public debt, in round numbers, at or near the close of 1917 being as follows:

Debt—000,000s omitted.  
Before War. Since War.

Great Britain ....	\$3,450	\$24,000
France .....	6,360	15,230
Russia .....	5,100	20,160
Italy .....	2,800	5,900
Germany .....	1,160	24,280
Austria .....	2,640	10,190
Hungary .....	1,340	3,780

In round numbers the debt of these principal belligerents before the war was thus 23,000 million dollars; while since the war they have incurred a debt of about 104,000 million dollars, or an aggregate of 127,000 millions. This represents an extraordinary growth, one that before the war would, according to experts, have been deemed to be impossible, or at least out of the question. The advance within the past two years has been enormous, it being estimated that war debts have more than doubled

during that period. The war is, if anything, increasing in costliness, both direct and indirect, as shown by the greater numbers of men withdrawn from productive occupations, while indirectly the losses suffered by capital seem to be in the danger of increasing out of all proportion, due to the losses suffered through insufficient outlay for maintenance.

The ultimate test of the situation as it will be after the war is seen from a comparison of debt with wealth. In the following compilation is shown the estimated wealth and income existing in the chief belligerent countries before the opening of the war:

	000,000s omitted.	
	Income.	Wealth.
Great Britain ....	\$10,500	\$80,000
France .....	6,000	70,000
Russia .....	6,500	50,000
Italy .....	4,000	25,000
Germany .....	10,500	87,000
Austria-Hungary..	5,500	40,000

This shows in round numbers a total of wealth before the war of 352,000

# THE BANK OF CHOSEN

*Incorporated by Special Charter of Imperial Japanese Government*

(\$0.50 = 1 Yen)

**Subscribed Capital, Yen 20,000,000**

**Paid-Up Capital, Yen 17,500,000**

**Head Office, Seoul, Korea**

***Principal Branches:***

**KOREA:** Chemulpo, Pyongyang, Wonsan, Fusan

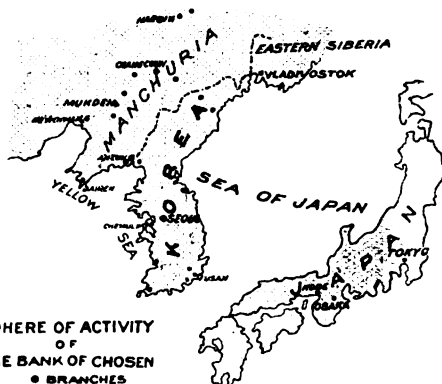
**MANCHURIA:** Mukden, Tieling, Liaoyang, Ryojun (Port Arthur), Dairen, Changchun, Newchwang, Harbin, Antung

**JAPAN:** Tokyo, Osaka, Kobe

**CHINA:** Tsingtau

***Affiliated Bank:***

**VLADIVOSTOK:** Matsuda Bank



***Principal American Correspondents:***

Guaranty Trust Company of New York  
Irving National Bank, New York  
National City Bank of New York  
National Bank of Commerce in New York

Yokohama Specie Bank, New York and San Francisco  
Canadian Bank of Commerce, San Francisco and Seattle

million dollars, while income was 43,000 million dollars. As already seen, the debts of these countries are now a good deal more than a third of their estimated wealth before the war, while there has probably been a material reduction in the actual wealth itself since the war. In addition, the growth of debts in cities and other civil divisions must be borne in mind. If the war should last two years longer, with debt increasing and wealth decreasing at the present rate, the question of carrying the obligations would, it is believed, become much more than proportionately serious, because the growth in debt charges would advance much faster than the capacity to provide for them.



## An Important Bank Merger

**R**ECENT advices from London give further details of the plan for the amalgamation of the London City and Midland Bank and the London Joint

Stock Bank, the combined institutions having deposits of about \$1,350,000,000. The London City has for some time past ranked as the largest commercial bank in the world.

Under the terms of the consolidation agreement, the shareholders of London Joint Stock Bank will receive four £12 shares of the London City and Midland Bank, with £2 10s paid up, in exchange for each £100 share (£15 paid) in the former institution, the exchange giving Joint Stock shareholders securities of a current market value of about £32, whereas Joint Stock shares have recently been quoted at about £24 10s. The boards of the two banks will be combined, and the joint institution, which is to be known as the London Joint City and Midland Bank, Limited, will be continued under the same management as heretofore.

The latest statement of the London City and Midland Bank shows a paid-up capital of \$25,944,200, a surplus fund of \$21,714,130, and deposits of \$1,102,758,842. The bank has in its

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## Redmond & Co.

33 Pine Street

New York

own vaults and with the Bank of England cash amounting to \$220,551,768, and holds British war loan securities aggregating \$165,582,673. The bank's net profits for the year ending December 31, 1917, after deductions for bad and doubtful debts, amounted to \$9,838,580.



### New Bank for London

**R**EPORTS from London are to the effect that influential metal and chemical interests are forming a new banking institution to be called the National Metal and Chemical Bank, with a capital of £1,000,000.

The bank is to be operated with a view to aiding industry in meeting foreign competition. The step is in line with the policy of trade expansion after the war, which is being fostered by the British Government through coöperation with the various industries.

Possibly, also, the formation of the

new bank may have been stimulated by recent bank mergers in London.



### Dollar Exchange in Chile

**A**CCORDING to a recent statement in the financial column of the New York "Tribune," official recognition of dollar exchange as an important means of making international payments has been accorded by the Chilean Government, through the adoption of a plan whereby part of the export duties on nitrate of soda shipped from that country may be paid in approved ninety day sight bills on New York drawn in United States dollars. Up to this time this time such export duties have been payable only in gold and in sterling bills drawn on London.

The plan for using dollar exchange in such payments was advocated by Leopold Fredrick, director of the American Smelting and Refining Com-

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pany and treasurer of the Braden and Chile Copper companies. Mr. Fredrick, who has long been prominent in the movement to establish regular trading in dollar exchange in South America, particularly in Chile, submitted this plan to the Pan-American Financial Conference, held in Washington in 1915. Its adoption on his suggestion is one of the first practical results of that conference. It is pointed out that not only does it mean the firm establishment of dollar exchange in Chile, but it should in addition contribute to the stabilization of the exchange situation between the two countries.

Mr. Fredrick, who caused dollars to be quoted officially on the Bolsa, in Valparaiso, states that the American Smelting, the Braden and the Chile companies have sold in the last three years about \$50,000,000 of drafts on New York. Formerly all of this financing was done via London. The new method of financing through bills drawn on New York has saved the companies hundreds of thousands of dollars in commission and interest.

American nitrate of soda imports from Chile have trebled in volume since the war and in 1917 were valued at \$60,000,000. The intrates are utilized principally in the manufacture of munitions and for fertilizer purposes. Now that export duties on this commodity can be paid in exchange on New York an effort is being made to have the Chilean Government authorize the payment of import duties by use of the same medium.

## Our Opportunities in South America

WRITING on this topic, Sigmund Metz, assistant manager of the foreign department of the Guaranty Trust Company, New York, points out that there are immense opportunities for business in South America.

Until a comparatively recent period the United States did not constitute a factor of importance in this international movement. Our rapidly expanding home market, our lack of a mercantile marine and suitable foreign banking facilities, combined with an absence of personal contact with Latin Americans are probably the chief causes of this backwardness. But what has been accomplished during the few years since the United States began to take a really active interest in oversea trade, and specially in establishing more intimate relations with the southern portion of the Western Hemisphere, merits the attention of the world.

The following table of figures graphically tells the story:

### IMPORTS INTO SOUTH AMERICA

	From England.	From U.S.
1913	\$247,000,000	\$147,000,000
1916	159,000,000	220,000,000
1917 (9 mos.)	188,000,000	214,000,000

### EXPORTS FROM SOUTH AMERICA

	To England.	To U.S.
1913	\$330,000,000	\$198,000,000
1916	408,000,000	428,000,000
1917 (9 mos.)	307,000,000	472,000,000

Thus, notwithstanding a considerable reduction of total importations into

South America, as a consequence of economic crises and war, the value of imports from the United States during the first nine months of 1917 exceeded the total for 1913 by \$67,000,000.

In the trade of the four countries, Argentina, Brazil, Chili and Peru, the United States in three years increased its relative importance as compared with Great Britain as the following table indicates:

	1913 Percentage —of Total—	
	Imports	Exports
United States ....	15	18
Great Britain ....	28	19

	1916 Percentage —of Total—	
	Imports	Exports
United States ....	37	36
Great Britain ....	24	23

After reviewing the banking situation in general, Mr. Metz says that one field has been neglected in the banking situation. There are deposit banks which grant agricultural, cattle, and commodity loans. There are land banks and real estate banks. But there is no institution whose special object is to support industry. In fact, it is very difficult for industrial enterprises in South America to receive any banking support at all except where some of the big private banking houses are directly interested. The majority of banks find it impossible to lock up their resources to the extent required by operations of this nature. An industrial bank or rather finance company (the name "bank" is so often given to any concern which performs financial operations) with branches throughout South America, would have infinite opportunities, but the condition of the "patient explorer" also applies to such an institution. With adequate capital and progressive management, such a company would be in a position to support existing industries, participate in new ones to be created, and thus assist in developing the resources of those rich regions, reaping handsome profits while serving the peoples of those countries, of the United States, and of the world at large.



## Advice to Investors

Purchase your securities through responsible dealers who have proper facilities for investigations and a reputation to maintain for reliable advice.

K. N. & K. are always posted on general market conditions, and their views are at the disposal of investors through their monthly review of

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## Australasian Banking Profits for 1917

**N**ET profits and distributions reported during the past year by the ordinary banks (exclusive of the Commonwealth Bank of Australia), transacting business in Australia and New Zealand, are thus summarized and reviewed by the "Australasian Insurance and Banking Record."

The figures include those of the Bank of Queensland (in which are merged the Bank of North Queensland and the Royal Bank of Queensland) for its first half-year, while the figures of the Bank of North Queensland for the half-year ended 31st December, 1916, are also included, together with the provision for dividend to 31st January, 1917.

The net profits as shown by the reports issued during the year amount to £3,192,127—a larger total than in the two previous years, but not so large as

in 1913 and 1914, though a greater amount of shareholders' funds, both in the form of capital and reserves, is now engaged in the business. The past year has been a profitable one to practically all classes in Australia and New Zealand. The country districts have received the benefit of a large volume of production, combined with high prices, while the system under which the British Government has provided a great amount of money on account of its purchases, irrespective of the actual time of shipment of the goods, has enabled the producing classes to receive the benefit therefrom without experiencing the disadvantages that might have been expected to arise from the scarcity of shipping. At the same time the large war expenditure which has been in progress has produced a great deal of activity in many directions, especially in the towns. The alteration in the channels of exchange business, usually an important department of banking activity, has been a somewhat adverse feature, especially as on account of the shipping position the volume of import trade has shrunk instead of keeping pace with the increase in London balances. The greater weight of taxation has been an unfavorable factor, especially in the case of those institutions which are liable to double taxation here and in the United Kingdom. The accounts of nine banks show taxation comparing with the two previous years as follows:

Nine banks, 1915.....	£276,015
Nine banks, 1916.....	472,569
Nine banks, 1917.....	640,274

As compared with two years ago, the total taxation paid by the nine banks has increased by £364,259.

The total amount of net profits reported and the local amount of dividends distributed during the last three years, and the proportion of the latter to the former heading, are stated herewith:

	Total Amount of Net Profits Reported.	Dividends Distri- buted.	Pro- portion. Per Cent.
	£	£	
1915 ....	3,034,383	2,134,776	70.35
1916 ....	3,003,255	2,152,948	71.35
1917 ....	3,192,127	2,170,117	67.98

The total net profits reported during the past year show an increase of £188,872 as compared with the previous year, and dividends show an increase of £17,169. The rates of dividend have been unaltered, but in some instances the dividends are paid on a larger capital.



## An Australian Bank Merger

IN a recent issue of the "Australasian Insurance and Banking Record" appears the following information regarding the amalgamation of the National Bank of Tasmania with the Commercial Bank of Australia:

The purchase of the assets and business of the National Bank of Tasmania, Limited, by the Commercial Bank of Australia, Limited, the arrangements for which are now before the shareholders of the former institution for their approval, makes the third amalgamation in the Australian banking world in a little over twelve months. The offer by the Commercial Bank amounts (clear of all expenses in connection with the carrying out of the purchase) to £6 15s. per share, together with interest at the rate of 7 per cent. per annum on the paid-up capital of the National Bank of Tasmania from the last half-yearly balance day until completion of the pur-

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Paid-up . . . . .	2,812,500
Reserve Fund . . . . .	3,000,000

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chase. The offer provides for the retention in Tasmania of the services of the directors and the taking over of the staff of the National Bank of Tasmania at Launceston and its fifteen branches in Tasmania. As the National Bank of Tasmania has 39,050 shares, the purchase money at £6 15s. per share amounts to £263,587 10s. No issue of fresh capital by the Commercial Bank of Australia is involved, the transaction being for cash.

The balance-sheet total of the Commercial Bank of Australia, Limited, on 30th June, 1917, was £10,346,896, the deposits (including balance due to other banks) amounting to £8,164,097. Adding the figures of the National Bank of Tasmania the total deposits, etc., of the two institutions amount to £8,894,831, and the balance-sheet total to over eleven millions sterling.

The National Bank of Tasmania, Limited, was established in 1885 to take over the business of the Bank of Tasmania. Its first balance-sheet, dated 30th November, 1885, may be compared with the latest balance-sheet, dated 30th November, 1917, as follows:

## LIABILITIES

	—November 30— 1885	1917
Capital paid up.....	£75,000	£195,250
Reserve fund .....	5,000	81,500
Profit and loss .....	3,322	14,682
Notes in circulation....	22,967	3,885
Bills in circulation.....	594	4,765
Deposits, etc. ....	130,115	730,734
Total .....	£236,998	£1,030,816

## ASSETS

Coin, bullion, cash balances, etc .....	£52,895	£234,406
War loan .....		35,500
Bills receivable and all other debts due to bank .....	177,472	736,970
Premises, furniture, etc.	5,522	23,383
Duty stamps .....		557
Preliminary expenses ..	1,109	.....
Total .....	£236,998	£1,030,816

The dividend of the National Bank of Tasmania in recent years has been at the rate of seven per cent. per annum, and steady additions have been made to the reserve fund, which, with the appropriation made from the profits of the last half-year, now amounts to £88,000, the undivided profits being £6,006.

The transaction is to be regarded as mutually satisfactory to the shareholders of the two institutions. The Commercial Bank of Australia extends the connection which it has established in Tasmania by the acquisition of the system of branches of the National Bank of Tasmania in the northern part of the island, which consists largely of agricultural districts, in addition to the branches in the mining districts in the west.



## Queensland National Bank

THE ninety-first half-yearly report of the Queensland National Bank was submitted at the shareholders' meeting held at the head office of the



SENATOR GUGLIELMO MARCONI  
Chairman of the Banca Italiana di Sconto



COMM. A. POGLIANI  
Managing Director of the Banca Italiana di Sconto

bank, Brisbane, January 10. This report showed net profits for the half-year ended Dec. 31, 1917, £52,159, which was allotted to the private depositors' repayment fund.

From the balance-sheet at the close of last year it is learned that the bank's capital is £480,000; reserve fund, £222,000; deposits, £8,850,700, and total assets, £13,144,996.



## Banca Italiana di Sconto

**R**ECENTLY the authorized and subscribed capital of the Italian Discount Bank, which ranks amongst the few leading banks of this allied country, has been increased to 180,000,000 lire, and the paid-up capital to 115,000,000 lire. Deposits and current accounts on Dec. 31, 1917, amounted to 1,171,000,000 lire, and the cash in hand and with banks was 102,000,000 lire. (The customary value of

the Italian lire is 19.3 cents in U. S. currency.)

Again, last year the bank has been working with a growing success and, after substantial provisions for unforeseen events, the net profits have risen to 15,140,000 lire from 6,900,000 lire in 1916.

The central management and head office of the Banca Italiana di Sconto are at Rome, while there are sixty-eight branches in the chief centres of Italy. There is also a branch in Paris, while the London clearing agent is the London and Southwestern Bank, Ltd.

Senator Guglielmo Marconi, the world-wide scientific celebrity, is chairman of the bank, and Comm. Angelo Pogliani, one of the most prominent and energetic bankers in Italy, acts as managing director of this institution.

Mr. Emilio L. Wirz, central manager in charge of the bank's foreign department, arrived in New York shortly, to remain several weeks for the purpose of investigating conditions here in the interests of his institution.

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## Bank of China to be Run on New Lines

IT is reported that the Bank of China is hereafter to be run on purely business lines, acting as fiscal agent of the Chinese Government, but independent in policy. Recent amendments to the bank regulations resulted in public subscriptions to stock to the sum of \$5,000,000, the Government making up in cash the remaining \$5,000,000 of the amount to which the capital is limited for a period of years.

According to a recent report drawn up by Acting Commercial Attaché Ferrin, the Bank of China, established in 1912 on the inauguration of the republic to take the place of the Ta-Ching, or official bank of the Manchus, was intended to be owned jointly by the Chinese Government and private stockholders, each subscribing half of the 600,000 shares of \$100 (Chinese currency) each, which were to make up the authorized capital of \$60,000,000; and the private stockholders were to have equal voice with the Government in its management. It was soon found, however, that the authorized private capital could not be raised, and the bank opened on August 1, 1912, with a nominal capital of \$10,000,000, of which considerably less than half was privately subscribed. The rest was put in by the Government, mostly in the form of bonds. The actual cash capital was not more than \$3,000,000 or \$4,000,000.

Nevertheless, the bank made rapid

progress, and after reorganization in 1913, in order to correct some initial errors, its deposits rose in one year from \$17,000,000 to \$57,000,000. In 1913 it earned \$280,000 net; in 1914, \$1,400,000, and in 1915, \$2,600,000. It opened branches throughout the provinces and did a large business in internal exchange, becoming a serious competitor also of the foreign banks in the treaty ports in foreign exchange. It issued bank notes, acted as fiscal agent of the Government in the collection of the salt and other taxes in the interior, and bade fair to become an important and influential institution.

Its lack of capital was made up by the advantages which its official position conferred upon it; but it was weakened seriously by Article XVI of its constitution, which delayed the formation of a directorate and inspectorate until private capital should have subscribed 100,000 shares, thus leaving control of the bank in the hands of Government appointees. In October, 1915, the Bank of Communications, the fiscal agent of the ministry of communications (which controls the railroads, telegraph and postoffice) was made a national bank with power to issue notes, a privilege which it had been intended to restrict to the Bank of China; and the competition cut into the profits of the Bank of China. It was not this, however, which caused the Bank of China its most serious difficulties, but the facility with which the Government was able to obtain from its loans for purposes that proved unproductive.

Consequently, both the Bank of China and the Bank of Communications have become congested with Government paper. Through their head offices in Peking they have some \$60,000,000 in notes outstanding without adequate reserve.

The chief need of the Bank of China has been its emancipation from Government control subject to political influences, and this its officials have recognized by causing the regulations to be amended in such a way as to encourage subscriptions to its stock by giving the private stockholders a voice in the management. Article III has been canceled and Article XVI has been changed so that shareholders may now vote for directors and inspectors without waiting for the public subscription to reach 100,000 shares, or even to equal the shares held by the Government. Article II has also been amended, and while continuing the authorized capital at

\$60,000,000, it limits the capitalization for a period to \$10,000,000.



### Baron Sakatani Financial Adviser to China

Announcement has been made of the appointment of Baron Yoshiro Sakatani, chairman of the Japanese Economic Commission at the Allied conference in Paris, as financial and economic adviser to the Chinese Government. Baron Sakatani has been prominent in public life in Japan for some time, having been minister of finance for some years, mayor of Tokyo, and an authority on economic and financial questions. Lately he has been writing for periodicals and newspapers urging Japan to co-operate more closely with the Allies.

Baron Sakatani becomes Japan's first financial adviser to China, a post which it is said she has long desired to fill.



### Germany's Hypocritical Peace Talk

**T**HIS scorching exposition of the hypocrisy of Germany's peace professions was recently made by Rev. John F. Carson, pastor of the Central Presbyterian Church, Brooklyn, N. Y.:

"Talk ye of peace?" cried Jeremiah. Then he directed the thought of the people to the enemy and asked, "Were they ashamed when they had committed abominations? Nay, they were not at all ashamed, neither could they blush."

I wonder if Jeremiah was talking of Count von Hertling and picturing that scene of the other day in the Reichstag? The Chancellor is talking of peace. He thinks that the four principles stated by President Wilson may be "a small step toward peace" and he says that he accepts those principles. But watch him, while you listen to him. Is he ashamed of the abominations that have been committed? Of Belgium ravaged and Serbia conquered and Rumania in chains? All small states that could not protect themselves. Is he ashamed of the abomination committed against Russia—betrayed, deluded, captured? Nay. In the language of the old prophet, "He is not ashamed, neither did he blush," not even when he as-

sumed the air of injured innocence and justified, in the name of self-defense, the atrocities that have shocked the world. If in the nether world they have knowledge of things on earth they must have stood aghast at the effrontery of that man.

Count von Hertling entered that tribunal of the German people to talk on peace with the Brest-Litovsk perjuries upon his lips, with the blood of a helpless Russian peasantry upon his hands, with a retinue of forcibly conquered provinces at his heels. He spoke for a military autocracy that met the representatives of an idealistic Russian revolution at Brest-Litovsk and lied to them, that coaxed them with fair falsehoods into a trap and then put a pistol to their heads. While the Chancellor was talking peace in the Reichstag the steel shod army of Germany was leaping on the prostrated people of Russia and stamping out the life of that defenceless country in order to compel it to publicly admit its conqueror and submit itself to his terms. While the Chancellor was cooing like a dove (with abject apologies to the dove) in the Reichstag, the Prussian army, whose servant he is, was fastening its claws upon the bewildered people of Russia. How can the nations talk peace with a power like that?

# Safety-Deposit Vaults in Ancient Greece and Rome

**I**N the midst of the many wars among the cities of ancient Greece—throughout the changes from tyrant to democracy, and back to tyrant again, where could a place be found where treasures would be safe from seizure?

In solving this problem, the early Greeks hit upon what was possibly the only answer at the time. For the fact is that the most ancient safety-deposit vaults in Greece were the temples of the gods.

These temples were peculiarly well adapted for the purpose. They were mostly of stone, comparatively spacious, and had devotees always in attendance. But far more important, they were protected by religious veneration or superstition from ordinary robbery, and from even the hands of the tyrant. A violation of the altars of the gods meant outlawry for either the desperate burglar or the grasping demagogue.

As a consequence, for several centuries it was customary to deposit both valuables and money in the temples. Whether the temples exacted a regular charge for this service is doubtful, but they certainly received, and probably expected, liberal offerings from those whose valuables they safeguarded. Moreover, they made use of both their own large funds, and those deposited with them. There are a number of instances recorded of the temples lending money at interest. Thus Cleisthenes and the Alcmeonidæ, with the consent of Amphictyons, borrowed from the Delphic sanctuary the funds through the liberal expenditure of which the Pisistratidæ were overthrown. In the same way, there are instances where the Parthenon at Athens was used both as a savings bank and as a safety-deposit vault.

In the archaic period the strong boxes of the Greeks were miniature receptacles, not much larger than the

jewel-boxes of to-day. Whether this was because there was little to be consigned to them, or whether the temples were used so commonly for larger treasures, is uncertain.

Several pictures from ancient Greek vases illustrate the jewel-cases of the time. One of them is especially noteworthy. It depicts a young woman carrying a jewel-box to another room, the door of which she is unlocking with one of the crude keys of that age. This key seems to have been, and probably



Ancient Greek Strong Box

was, nothing more than a short iron rod with a hook at one end. The only protection against any other crooked wire doing the work was probably that the hook had to be just short enough to go through the keyhole in order to be long enough to lift the latch or bolt that fastened the door.

After 600 B. C., however, the Greek strongboxes began to go to the other extreme, and to be made very large. As an illustration of this, there are several pictures showing persons standing or about to hide in their strong-box. The introduction of such coffers was probably contemporary with the wider use of silver vases, pateræ, or sacrificial plates, and other precious wares.



Carrying the Jewel-box into Room with Locked Door, as Shown on Greek Vase

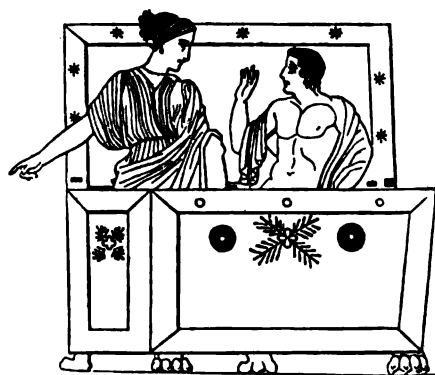
There are several old Greek stories of persons who hid in strong boxes from their enemies, as well as other tales, in the comedies, of would-be lovers seeking to hide in the strong-boxes from irate husbands.

At about the time of the Persian wars we begin to find notices in Greece of

ian attitude toward foreigners, were highly respected, and in many cases received special grants of citizenship. They not only received and loaned out money at interest, but acted as guardians of estates and safekeepers of treasure. For this they received a reasonable recompense, and in this way fulfilled the office of the safety-deposit vault at present.

There were, however, no individual boxes, and the lack of this very important feature sometimes led to difficulties, in spite of the fact that their book-keeping was considered highly trustworthy, and accepted as *prima facie* evidence in the courts of law. For example, a certain Timosthenes left some valuable cups for safe-keeping with Pasion, the well-known banker. Pasion, however, loaned them out by mistake to a relative to help grace the table at a banquet, and they were lost and never returned. When the mistake was discovered, Pasion of course indemnified Timosthenes for the cups, but the incident illustrates the disadvantages of safety-deposit vaults without private boxes.

The Roman financial system was in most ways similar to the Greek, except that when Rome became mistress of the



Ancient Greek Coffin, Large Enough to Hide in

bankers. Most of these were foreigners, possibly because much of their business had to do with loans on shipping or bottomry. Those of importance, in contradistinction to the ordinary Athen-

Mediterranean world, her finances were on an immensely larger scale.

There is some evidence that in the early days of the Republic the temples were used as in Greece for the safe-guarding of treasures, but the early Romans were so frugal that this probably occurred only on very special occasions.

After the Punic wars and the rush of wealth from the East, bankers became numerous in Rome. In addition to changing money, receiving or loaning money at interest, and issuing bills of exchange, the Roman bankers often acted as receivers of goods on deposit. One reason for this was that they were regularly employed as registrars of sales at auction, and often acted as custodians of the goods before and after

In other words, checking accounts had precedence over saving accounts.

As in Greece, the bankers in Rome were often foreigners, and sometimes



Carrying Treasure to a Roman Banker for Deposit



Crude Paraphernalia of the Small Banker in Ancient Rome

the sale. Under such circumstances it is only natural that smaller valuables should be deposited with them for safe-keeping. They had, however, no individual compartments, and the ownership of the valuables was determined entirely by bookkeeping. The books, however, were so accurate that they were widely in demand in law courts, especially for determining dates. Incidentally both money and valuables were deliverable to a third party upon a written order. If the banker were unfortunate enough to fail, the depositors of treasure had to be satisfied before those who had loaned him money at interest.

freed slaves who had become wealthy in the service of their masters. In such cases the former master was often a silent partner.

Under the Empire the bankers formed one of the many collegii or corporations into which business was organized at the time.

A strong-box which was unearthed at Pompeii is built like a square chest with short legs, and is well bound and studded with bronze.

Altogether it is rather surprising, in view of the architectural accomplishments and the multiplicity of affairs of the Romans throughout so many centuries, that nothing was developed which more nearly occupied the place now filled by the safety-deposit vaults.



## When There Will Be Peace

By REV. JOHN F. CARSON

**W**HEN nations shall be governed by God's will there will be peace. That is when national laws and national policies shall be determined, not by the lowest passions of men who are ambitious for power and dominion, but by the highest sentiments, coveting for mankind its freedom and its welfare. When that shall take place there will be peace and there can be no peace till that takes place.



#### BANK AIDS ANIMAL INDUSTRY

The Family Cow and her calf exhibited in the lobby of the Commercial National Bank of Raleigh, N. C., where 3,500 people from the country came to see her and a large number placed an order for one like her—the bank lending seventy-five per cent. of the purchase price of the cow.



### The Same Picture

**T**HIS amusing incident is furnished **THE BANKERS MAGAZINE** by Henry A. Theis, vice-president and manager of The Franklin Society for Home Building and Savings, 38 Park Row, New York:

Over my desk there hangs a picture of Benjamin Franklin. A woman came in to see me about a mortgage upon her home in Westchester county. I noticed that she would occasionally look at this picture of Franklin. Finally she said: "Has this institution any connection with the Franklin Savings Bank at Eighth Avenue and Forty-second street?" To which I replied that it did not have any connection, and that, in fact, they were two different classes of



institutions. She said: "That's funny; I have an account up there, and the picture on the cover of my pass-book is just like the picture above your desk. The men must be brothers."

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

### A

American National Bank, Richmond, Va.  
American Savings Bank, Springfield, Mo.  
Ansley, D., c/o Central Trust Co., San Antonio, Tex.  
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

### B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.  
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.  
Bankers Magazine, The, New York.  
Bauder, Ray E., cashier, First National Bank, Taylorville, Ill.  
Baugher, E. M., president, The Home Building Association Co., Newark, O.  
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.  
Blze, L. A., president Citizens Bank and Trust Co., Tampa, Fla.  
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.  
Brancham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.  
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.  
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-president, Penn. National Bank, Chester, Pa.  
Burwell, Stephen L., vice-president, First National Bank, Jackson, Miss.

### C

Citizens National Bank, Oconto, Wis.  
Copp, R. Reed, assistant advertising manager, National City Bank, New York City.  
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.  
Currey, Bradley, c/o Fourth and First National Bank, Nashville, Tenn.

### D

Davenport, C. M., manager new business department, Bank of Italy, Los Angeles, Cal.  
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.  
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.  
Dexter Horton National Bank, Seattle, Wash.

Durham T. R., assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.  
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

### E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.  
Eklirch, A. A., secretary, North Side Savings Bank, New York City.  
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

### F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.  
First National Bank, Lead, S. D.  
Frieden, Ben W., 334 Davidson Building, Sioux City, Iowa.

### G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

### H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.  
Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.  
Harper, W. A., Lumberman's National Bank, Houston, Tex.  
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.  
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.  
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.  
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.  
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.

### I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

### J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.  
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.  
Jones, W. P., assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

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## K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.  
 Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.  
 Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.  
 Klittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

## L

Lanier, B. W., First National Bank, Lakeland, Fla.  
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

## M

McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.  
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.  
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.  
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.  
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.  
 Moser, B. W., assistant cashier, St. Louis Union Bank, St. Louis, Mo.  
 Multhead, G. C., vice-president, The Stock Growers State Bank, Worland, Wyo.

## N

Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.

## O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Poole, John, president, Federal National Bank, Washington, D. C.  
 Potter, A. E., president, Broadway National Bank, Nashville, Tenn.  
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

## R

Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Russell, W. W., cashier, First National Bank, White River Junction, Vt.

## S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.  
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.  
 Shepherd, George W., c/o International Trust Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.  
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.  
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.  
 Smith, T. K., Jr., manager, Gimbel Brothers, bankers, New York City.  
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.  
 Stewart, F. E., 1505 Jefferson St., Toledo, O.  
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.  
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

## T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

## V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.  
 Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

## W

Wadden, John W., president Lake County Bank, Madison, S. D.  
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.  
 Wilson, C. C., cashier, Continental and Commercial Trust and Savings Bank, Chicago, Ill.

## Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.  
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

## NEW NAMES

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.



## Death of a Veteran Director of the First National Bank in the U. S.

**I**N the recent death of Francis H. Griggs at Davenport, Iowa, the last member of the first board of directors of the First National Bank in the United States passed away. Mr. Griggs was one of the organizers of the First National Bank of Davenport, and

on June 6, 1863, was elected to the directorate of that bank, and served as secretary of the board at its first meeting. The First National Bank of Davenport opened its doors for business on June 29, 1863, and for two days was the only national bank in operation in the United States.

# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL . . . . \$3,000,000.00

SURPLUS . . . . 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

### OFFICERS

HARVEY D. GIBSON . . . . .	President
DANIEL G. REID . . . . .	Vice President
CHAS. W. RIECKS . . . . .	Vice President and Cashier
ALEXANDER M. HALL, 2nd . . . . .	Vice President
ERNEST STAUFFEN, Jr. . . . .	Vice President
JOSEPH A. BOWER . . . . .	Vice President
FREDERICK P. MCGLYNN . . . . .	Assistant Cashier
THEODORE C. HOVEY . . . . .	Assistant Cashier
LOUIS W. KNOWLES . . . . .	Assistant Cashier
FREDERICK W. WALZ . . . . .	Assistant Cashier
SIDNEY W. NOYES . . . . .	Assistant Cashier



The Sumitomo Bank, Ltd., Branch Office, Tokyo, Japan

(This is known as the finest bank building in Japan. It was completed in Sept. 1917, the construction having occupied four years and two months)



Reception Hall, Sumitomo Bank, Ltd., Tokyo Office



The Sumitomo Bank, Ltd., Head Office, Osaka, Japan  
(Reconstruction of this office on a more extensive scale is now under way)

## The Sumitomo Bank, Limited

**B**OTH the growth in the importance of New York as an international banking center and the closer commercial and financial relations between the United States and Japan have tended recently to bring to New York agencies of Japanese banking institutions. One of the latest of these to establish a branch here is the Sumitomo Bank, Limited, whose commodious and modern offices in the well-known Singer Building at 149 Broadway are illustrated in these pages. The new agency is in charge of Mr. S. Imamura.

### HISTORICAL SKETCH

The Sumitomo Bank, Limited, was organized in March, 1912, for the purpose, among other things, of taking over the private bank of the Sumitomo family, which had carried on business continuously since 1871.

The Sumitomo family has been intimately associated with the commercial

development of Japan during the last three hundred years, and its interests to-day extend into all of the principal ramifications of the industrial and commercial life of the Japanese Empire. The House of Sumitomo is extensively interested in the copper mines and smelters, copper works, coal mines, steel works, cable and wire works, fertilizer plants, warehouses and banks of Japan. Baron Sumitomo, the head of the house, owns practically all of the stock of the Sumitomo Bank, Limited.

The bank has total assets of more than 224,000,000 Yen (\$112,000,000). It maintains its head office at Osaka, in Japan, and operates twenty-two branches in Osaka, Kobe, Yokohama, Tokyo, and other cities of Japan, which are the commercial centers of the Empire, and within whose limits nearly all of the import and export business of Japan is transacted. Besides these branches, the Bank has foreign branches in San Francisco, Seattle, Bombay,



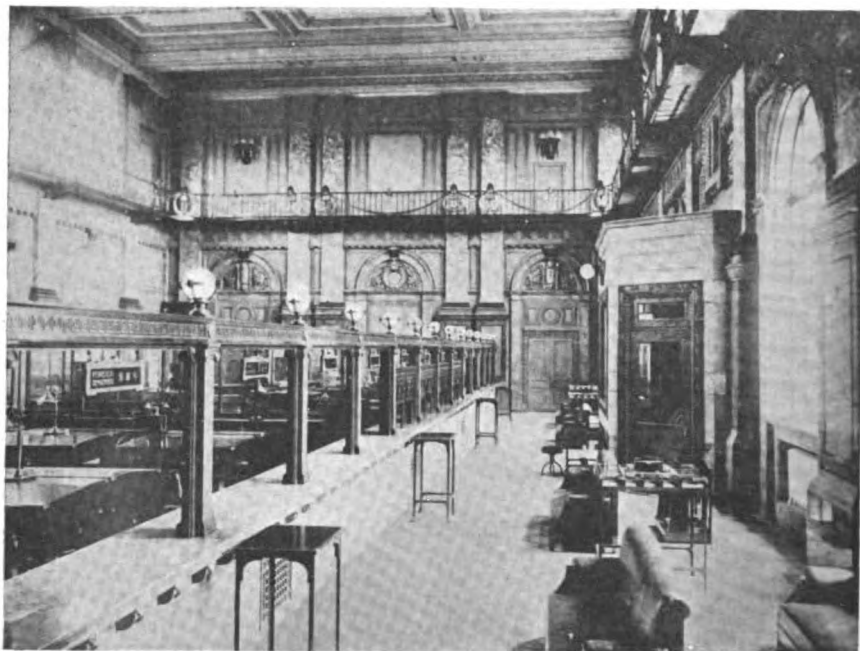
BARON K. SUMITOMO  
President, Sumitomo Bank, Ltd., Osaka, Japan

Shanghai and Hankow, as well as its affiliated bank, the Sumitomo Bank, of Hawaii, in Honolulu, and the establishment of a new branch office in London is now under way. Through these means it shares largely in financing Japan's trade at home and abroad.

Through its numerous branches, the Sumitomo Bank, Limited, is directly in touch with thousands of Japanese merchants, manufacturers and factors who import into Japan, annually, merchandise whose values extend into tens of millions of dollars. Heretofore practically all of this merchandise has come from England and the continent of Europe, but since the outbreak of the war Japan has come to look to America as a source of supply of much of the merchandise which was heretofore purchased elsewhere.

#### THE MANAGEMENT

At the head of the Sumitomo Bank, Limited, as president is Baron K. Sumitomo, from whose ancient family the



Main Banking Room, Sumitomo Bank, Ltd., Tokyo Office

institution takes its name, thus linking the bank with a house famous in the industrial, commercial and financial annals of Japan. K. Yukawa, T. Kanoh, S. Yoshida, and N. Yatsushiro are managing directors, and M. Suzuki, K. Nakada and K. Hori are also directors.

CAPITAL AND BALANCE SHEET

The subscribed capital of the bank is yen 30,000,000; the paid-up capital, yen 18,750,000, and the reserve fund, yen 2,100,000. A better understanding of the position of the bank may be had from the accompanying eleventh half-yearly report and balance sheet as of June 30, 1917. (Yen equals about 50 cents U. S. money.)

ELEVENTH YEARLY REPORT

Balance sheet, the Sumitomo Bank, Limited.

LIABILITIES	Yen
Deposits .....	156,228,874.15
Exchange Sold .....	1,373,779.80
Bills Payable .....	864,039.70
Margin of Exchange unsettled .....	249,210.30
Foreign Credits, Acceptances and Guarantees .....	27,198,044.67
Due to Other Banks .....	2,394,795.13
Due to Foreign Banks .....	624,580.02
Rebate on Bills not yet due..	537,460.97
Interest accrued on Deposits..	909,480.96
Subscribed Capital .....	30,000,000.00
Reserve Fund .....	1,600,000.00
Reserve for Doubtful Debts..	70,000.00
Pension Reserve .....	50,000.00
Dividends Unpaid .....	111.98
Balance brought forward from Last Half-Year .....	334,051.82
Net Profit for the Half-Year .....	1,717,771.83
Total .....	Yen 224,152,201.33

ASSETS	Yen
Loans, Bills Discounted and Exchange Purchased .....	135,548,577.47
Customers' Liability on Foreign Credits, Acceptances and Guarantees .....	27,198,044.67
Account with the Postal Transfer Savings Office .....	168,577.69
Government Bonds .....	18,597,002.09
Municipal and Other Securities .....	2,496,850.00
Due from Other Banks .....	594,596.31
Due from Foreign Banks ....	948,509.13
Bank Premises and Furniture .....	1,702,820.66
Real Estate .....	21,053.82
Foreign Currencies .....	7,871.13
Capital Unpaid .....	15,000,000.00
Money at Call and at Short Notice .....	3,500,000.00
Cash in Hand .....	18,368,298.36
Total .....	Yen 224,152,201.33

PROFIT AND LOSS ACCOUNT

	Yen
To Reserve Fund .....	500,000.00
To Dividends .....	600,000.00
To Reserve for Doubtful Debts .....	350,000.00
To Pension Reserve .....	150,000.00
To Bonds .....	55,000.00
To Balance carried forward to Next Half-Year .....	516,823.65

Total .....Yen 2,171,823.65

By Balance brought forward from Last Half-Year.....	334,051.82
By Reserve for Doubtful Debts .....	70,000.00
By Pension Reserve .....	50,000.00
By Net Profit for the Half-Year .....	1,717,771.83

Total .....Yen 2,171,823.65

GROWTH OF THE BANK

An idea of the progress of the Sumitomo Bank, Limited, may be had from the table presented herewith, showing deposits and loans on the dates named:

Date.	Deposits. Yen	Loans. Yen
June 30, 1896 .....	2,566,000	3,473,000
June 30, 1897 .....	3,723,000	4,731,000
June 30, 1898 .....	5,416,000	5,660,000
June 30, 1899 .....	7,518,000	7,839,000
June 30, 1900 .....	8,913,000	8,653,000
June 30, 1901 .....	13,310,000	11,789,000
June 30, 1902 .....	15,199,000	13,593,000
June 30, 1903 .....	18,602,000	15,618,000
June 30, 1904 .....	21,786,000	16,682,000
June 30, 1905 .....	26,545,000	21,691,000
June 30, 1906 .....	34,952,000	25,476,000
June 30, 1907 .....	35,644,000	26,141,000
June 30, 1908 .....	34,965,000	27,599,000
June 30, 1909 .....	41,260,000	29,700,000
June 30, 1910 .....	46,598,000	33,038,000
June 30, 1911 .....	44,611,000	36,368,000
June 30, 1912 .....	49,975,000	42,076,000
June 30, 1913 .....	56,670,000	50,769,000
June 30, 1914 .....	65,419,000	57,882,000
June 30, 1915 .....	78,681,000	66,085,000
June 30, 1916 .....	102,240,000	83,147,000
June 30, 1917 .....	156,228,000	139,048,000

From the foregoing facts it will be seen that this institution possesses all the required elements of strength in its origin, management, size and growth, fully establishing its right to a place among the prominent banks engaged in international banking and finance.

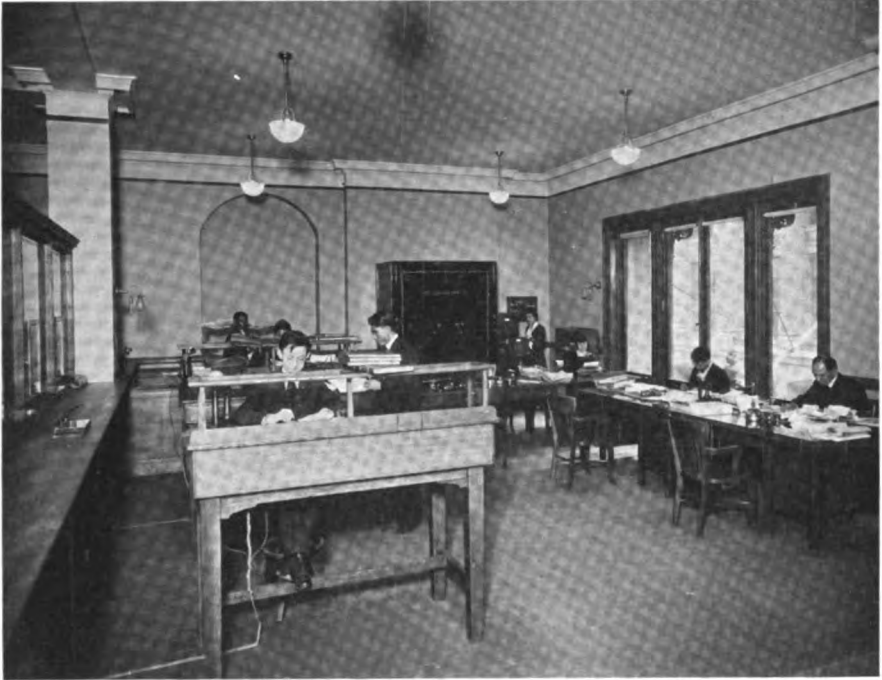
Doubtless the near future is to see a remarkable enlargement in our commercial and financial relations with the Orient, and by being on the ground now the Sumitomo Bank, Limited, will not



Mr. Imamura at His Desk, Sumitomo Bank, Ltd., New York Agency



A General View of Public Space (or Lobby) Showing Entrance to Bank and Entrance to Private Office of Mr. S. Imamura, New York Agent, Sumitomo Bank, Ltd.



An Inside View of Sumitomo Bank, Ltd., New York Agency

only be in a position to care for existing banking facilities growing out of present trade, but will also be favorably situated to take advantage of the still greater demands which the future is expected to bring forth.

It is confidently believed that the establishment of a local agency will in-

crease the facilities for carrying on future business between the United States and Japan.

As will be seen from the illustrations presented herewith, the offices of the New York Agency of the Sumitomo Bank, Limited, are appropriate to the high character of the institution.



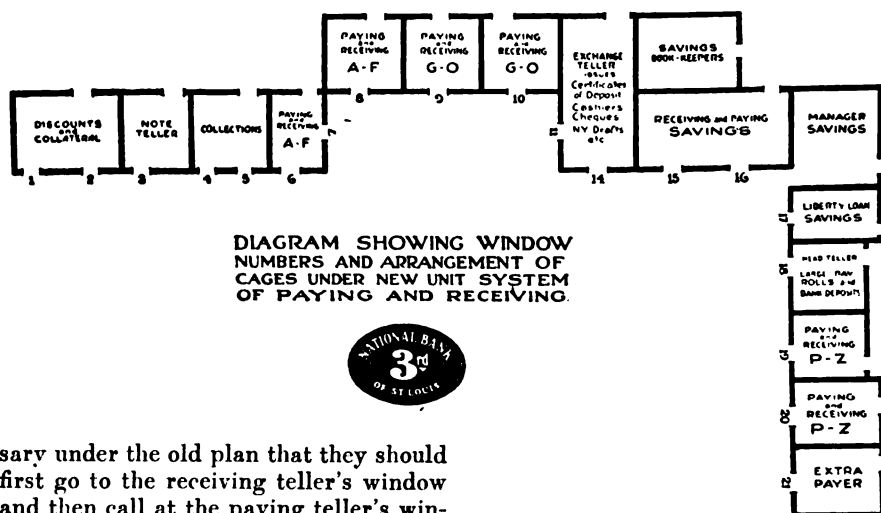
# New Unit System of Third National Bank, St. Louis

**T**HE new unit system of the Third National Bank of St. Louis is thus described by Vice-President R. S. Hawes:

We have just inaugurated a system whereby our tellers both pay and receive. In practice it has been found that about one-third of the customers coming in to make a deposit also wish to withdraw money, and it was neces-

deavoring to have them either send to us, or to call on the phone, in advance of a payroll that is desired, so that when they come in the bank it is all ready to be handed to them. We also have the head teller take in all deposits made by other banks that may do business with us.

By making these changes we of course had to make some alterations in our



sary under the old plan that they should first go to the receiving teller's window and then call at the paying teller's window. Under the present mode of operation parties will make their deposits and cash their checks at the same window.

We have six tellers handling the miscellaneous accounts, and have made three divisions of the alphabet, having two tellers in each division. We have considered this an advisable plan, as it takes care of the lunch hour and also any rush that might come in any particular division, the customers being able to go to either one of two windows.

We have a head teller who is in charge of the miscellaneous cash, and should supervise the other tellers, and at the same time we are requesting our customers to call at his window for large payrolls. We have started a little educational plan among our customers, en-

method of charging items to the various departments, and have installed what we call a central distributing department, which is in reality a clearing house for the bank, and the various tellers receiving deposits take the cash and substitute a ticket of their own in place of the cash, and the whole deposit is then forwarded to this distributing point, who charge the checks against the credit and charge the various items and credit to the department or bookkeeper who should receive same. At the close of the day this department charges to the teller the amount of cash which they have received from depositors, represented by tickets which have accompanied the deposit ticket.



ALFRED HOPKINS, ARCHITECT

New building of the Adirondack Trust Company, Saratoga Springs, N. Y., of white marble and greatly relieved by the ornament on the front

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## Some Ideas of Bank Building—Artistic and Practical

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By ALFRED HOPKINS

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**T**O the architect with an imagination the possibilities offered by the bank building for sympathetic, noble and appropriate architecture should make an instant appeal. The bank is the backbone of every community, and its functions extend to every phase of our business life. Banking is generally referred to as a business, though it should be called a profession, for its services is far above that of other business, requiring on its own part greater responsibilities and foresight and receiving in return greater confidence and trust from its clientele.

The bank is becoming more and more the place where good counsel may be obtained, where practical help for the

sound enterprise is given, where records and information that will assist the business man to mature his judgment are kept tabulated and freely distributed. Such in brief is the distinguished position of counselor and friend which the bank has come to occupy in the community. Along what lines should its house be built? I venture to set forth the accompanying text and illustrations as a practical answer to the question.

### THE BANK A PUBLIC INSTITUTION

As the bank is a public institution its natural architectural expression is to be found in the classical style, but that does not mean the tasteless iteration and reiteration of pediments, columns,



ALFRED HOPKINS, ARCHITECT

Showing how the severity of a classical design may be minimized somewhat by the use of brick work

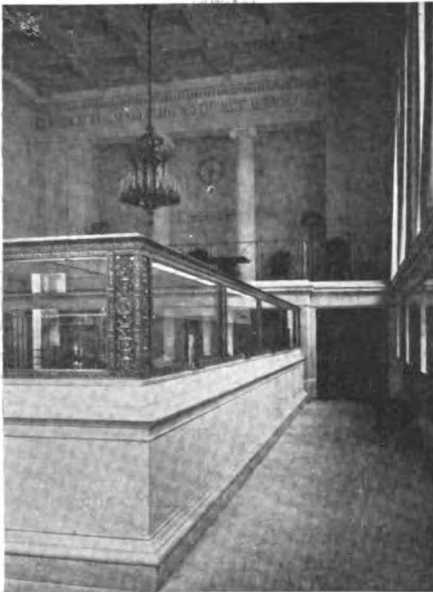
arches, and the general jumbling of classical motives with which the commercial bank builders have made us all familiar. Noble architecture is the bank's greatest asset so far as its house

is concerned. Taste and refinement should be in its every feature, and it has so many which may be treated originally and appropriately.

As to the general principles of design, those are best which give to the exterior simplicity and dignity, to the interior brightness and spaciousness and to both a quality of friendliness and welcome. It may seem like asking much of mute marble and mortar to express human emotion, but it may be done nevertheless. The poetic thought which characterizes architecture as frozen music is not far wrong, for just as music may express a mood even better than it can be told in words, so architecture may be made not only appropriate to, but suggestive of, its purpose.

#### THE BANK'S BEST BID FOR BUSINESS

With the idea of a beautiful and appropriate structure in mind it is a satisfaction to record that in every instance where such a building has been built it has met with an immediate increase in the bank's clientele. There is not the slightest doubt that the new bank building is the bank's best bid for business.



Interior view of the Adirondack Trust Company showing balcony for directors and fine ceiling



ALFRED HOPKINS, ARCHITECT

Showing fine architectural effect of an "attic" without windows. In this instance the clerical force obtained light and ventilation through a second wall 8 feet back from the front wall

This has been demonstrated over and over again. Even the alteration of the bank's premises by enlarging and refitting the old banking-room with new fixtures and modern methods of lighting seems to establish a further degree of confidence in the public mind which is reflected in an almost immediate growth of new business.

#### TWO TYPES OF BUILDINGS

When the time arrives for the bank to take thought of the increased comfort and advantage afforded by a new building there are two types of structure which come to mind, one the individual home for the bank's exclusive use, and the other a building which shall seem to be primarily the bank's, but with sufficient additional renting space to return a revenue. This latter thought at first blush seems a winning one, but my experience is that banks which build office buildings for their income return sooner or later regret it. In such a building the quarters of the bank to which it is vitally necessary to give distinction become only incidental. The bank, after all, is but one of many occupants; consequently it is difficult to focus public attention on it. Then the bank ties up money which ordinarily it can use to better advantage in its own

business and embarks on a venture which is foreign to it. Renting office space is not banking, and a bank president to whom I expressed this view responded as follows:

I greatly appreciate your letter of the 11th, which has just been received. Having been associated with the National Bank of Commerce and having participated in its



Corner of ladies' room

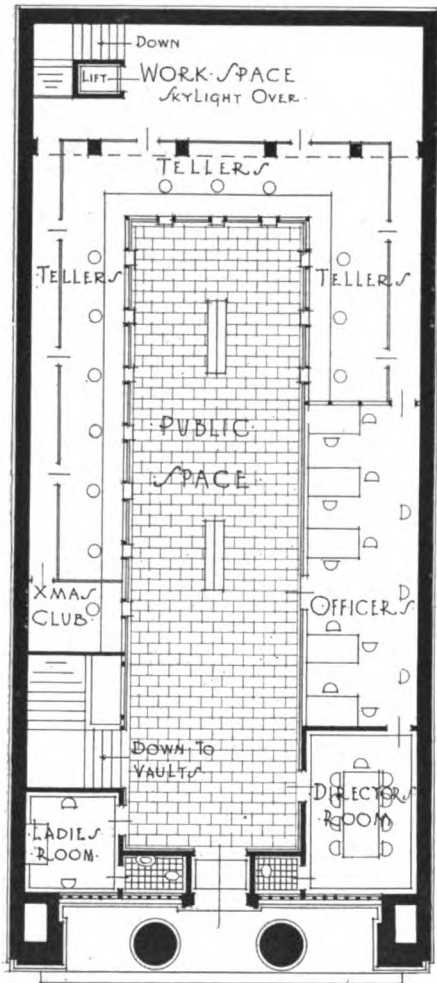


Figure A

Showing bank plan of "U" type. This plan is for a bank on an interior lot. The light area has been located at the rear of the bank which gives the main room a better proportion and provides excellent light for the working space, also ventilation front and rear. The directors' room here is used as a consultation room. It is always desirable to locate the directors' room where it is convenient for other purposes, as it is a waste of space to place the directors' room where it can only be used for the directors' meetings.

office-building, I heartily concur in all you have to say with respect to an individual bank office. It certainly gives distinction to an institution and relieves those in charge of a great deal of annoyance, care and responsibility. I found in my old position, that notwithstanding we had a capable superintendent, the tenants' complaints finally reached me.

Only when the bank is limited in what it may do in reaching out for new

business, or if the property it owns or is identified with is very valuable, or when some special condition prevails, would it seem desirable to build other than the individual bank building. In the individual bank building only is it possible to attain that distinction indicated above and which I will endeavor to emphasize throughout this article.

#### SELECTION OF THE ARCHITECT

A vital factor from the bank's standpoint is certainly the selection of its architect. Many banks do not know quite how to proceed with this and hesitate to commit themselves to any one architect and yet may also wish to save the fatigue and turmoil of a general competition. This is certainly to be avoided and it is much better to go to an architect with adequate bank experience and architectural training and have him make tentative plans. This need not mean that the bank has com-

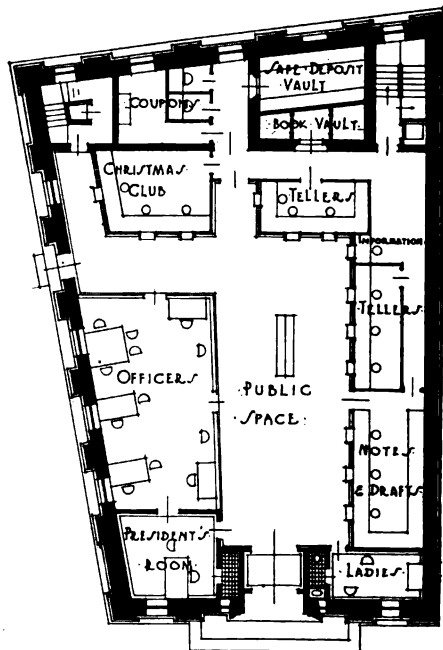


Figure B

Showing the "half-island" plan with the screen down one side of the wall and the public space in the center with the officers to the left. This is always a convenient type of plan and allows an excellent view of the interior. The directors' room is on the balcony over the safe deposit vaults and coupon rooms.

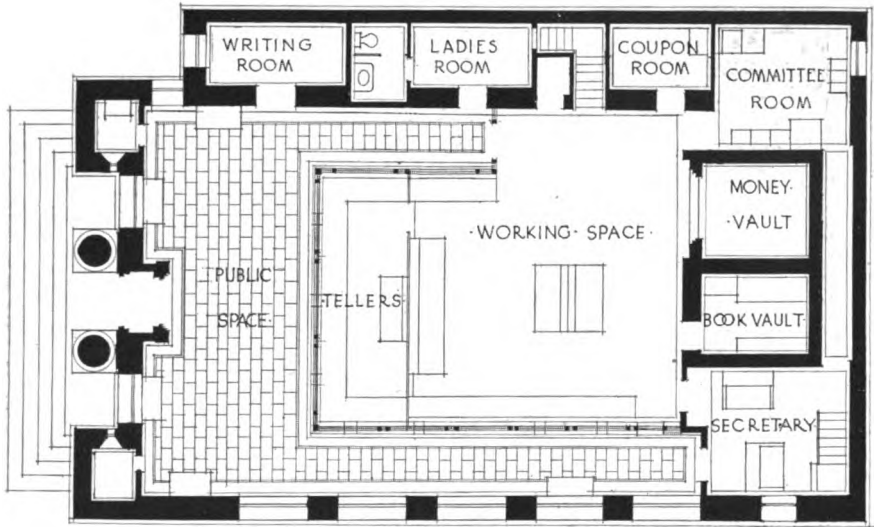


Figure C

Shows the plan of the new building of the Adirondack Trust Company at Saratoga Springs. This is not a true "Island" plan, because the tellers are all placed at the front and the long side. There are no tellers at present on the side towards the ladies' room, although this may be a possibility in the future. The writing room, ladies' room, coupon room and the committee room are only 9 feet high, so that large windows above provide light and ventilation for the main wall of the bank.

mitted itself to either the architect or the plans.

#### VENTILATION AND LIGHTING

Where the conditions make it possible the first thing to revise in the usual bank construction is the indiscriminate use of the overhead skylight. No building so constructed can be considered fireproof. Large skylights are always a hazard, either through the possibilities of fire or accident from the adjoining properties or from leaks due to the contraction and expansion of its material exposed to the extremes of temperatures from both within and without. Then the finest opportunity of the interior for the display of design is the ceiling, because the view of it is always uninterrupted and the intrusion of the skylight here takes from the dignity of a purely architectural treatment. Ordinarily a much better method of lighting is to employ the light-well, either at the side or at one end, which not only gives light, but what is equally important, ventilation. On these two factors, light and ventilation, hang all the law

and the prophets of the architect's Bible. A building which fails in these essentials fails irrevocably. A mechanical ventilation plant is usually as poor a substitute for the fresh air which

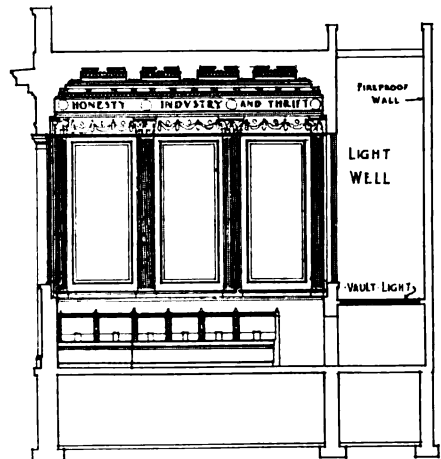


Figure D

Section showing method of side lighting employed in Figure C. Ample light is to be had from the light well. The fireproof wall is shown against the adjoining property. The vault lights at the bottom make excellent lighting for the small rooms or for a working space.



Design for a bank on an interior lot, showing a method which obtains the maximum of light behind the columns. The lot is 40 feet in width, perhaps a minimum for this type of design

blows in at the window as the electric bulb is for the light of heaven. Consequently a bank situated on an interior lot, with only the front open, must be provided with area lighting and ventilation whether the skylight is used or not, for the chief difficulty in depending entirely upon the skylight is that while it may be made to give light it is impossible to use it to advantage as a means of obtaining fresh air.

#### DIFFERENT BANKING PLANS DESCRIBED

With regard to the arrangement of the banking plan there are three general possibilities: the so-called "U" plan, the "island" plan, and the "half-island" plan, which leaves the banking screen open on three sides with the

fourth against the wall. All of these schemes are useful, but their adoption depends largely upon the needs of individual cases.

The island plan is always a convenient one for the bank. The inter-communication between the various departments is immediate, but on the other hand such an arrangement is to the public always inconvenient. The author knew of one bank which had used the island plan for forty years and in its new building it chose the U-plan solely on account of the greater convenience it gave to its customers. On the other hand, when this example was cited to a bank president, who was in the throes of deciding upon the type of plan for his new building, he promptly dismissed the island plan with an equivalent to that classic phrase, "the public be damned." What he wanted to consider solely was the convenience of the bank. In special instances, perhaps not all like the one just cited, the island plan may be desirable, but generally it is better to use either of the other types. These give the public more direct contact with the service which the bank has to offer and by a little care in their design can be made to serve the bank as well as the island plan, and the public better.

The U-plan, on the other hand, is always a good one for the public, as it puts all departments within easy view and reach of them. A central space less than fourteen feet in width is not advisable in a busy bank, though ample in the smaller bank where crowded conditions seldom prevail. This brings up the width of the cages. The teller's space can be relatively small if conveniently arranged, a depth of four feet clear floor space, and a width of four feet six inches between center to center of the tellers' windows are the minimum though satisfactory dimensions for the city bank. Country banks usually desire more room than this because accustomed to it, nor is there any reason why they should recede from that position. There are (thank fortune) still some advantages left for the country which the city lost long ago, and one is space.

What I have called the "half-island"

plan or, if one wishes to persist in the geographical idiom, the "promontory plan," is a compromise between the two schemes and sometimes, if the lot will permit, it is possible to combine the advantages of both without the difficulties of either. The half-island plan leaves the screen open on three sides, or it may run down one side of the building and across the end, and this arrangement generally obscures the view of the interior less than the other. The plan which gives the effect of the most spacious interior is always the best architecturally and is usually the best from the practical side. What looks well serves well; but, on the other hand, what is created for mere show and is without use fails as completely from the artistic standpoint as from the practical.

The shape of the plot, or its situation, or exposure is what most frequently determines the plan. It is much better to use one of the types of bank plans which can be worked out naturally and logically with all elements considered, those of convenience for the bank and public, not forgetting consideration for a proper architectural expression, than to try and develop a plan the principles of which fit everything but the lot on which it is to be built.

#### LOCATIONS OF THE OFFICERS AND OF THE VAULT

In the discussion of the type of plan there are always two things of importance which come up for consideration, and they are the locations assigned to the officers of the bank and the vault. Since it is slowly coming to be known that the bank is a human institution—which I take the liberty of suggesting as a chief reason for its increasing prosperity—it is very necessary that its officers be where they are immediately accessible to the public. When they have been for years at the rear of the banking-room, as frequently happens in the old buildings, sometimes there is a certain hesitancy about arranging for an officer's space too far forward. My experience is that finally every one likes a forward position and indeed for in-



ALFRED HOPKINS. ARCHITECT

Showing an effective treatment of a bank on an interior lot thirty-five feet wide

creasing business it is an absolute necessity. The president should always have his own private room and it is frequently desirable that other rooms, in the form of committee rooms or meeting rooms for the public, be provided. An alcove in the public space is always useful where the out-of-town depositor may make out his slips, sometimes long ones, at a table where he can be seated, while the women's room has now become a necessary accommodation in every banking institution.

The location of the vault is preferably on the main floor and in plain view, but when every foot of space is desired there the vault may be put in the basement to advantage. In the busy city bank this is the best place for it. There is no doubt that a fine vault is not only an absolute necessity, but it is a prime factor in increasing public confidence and securing new business. The tendency is clearly to develop this along the lines of greater security. Heavier

linings are being used with doors of proportionate thickness. The processes of manufacturing the different types of steel are actually being improved and steel more and more immune to tool-cutting is being perfected. A non-burnable metal has been developed and the contents of the modern vaults can now be absolutely protected against three distinct methods of attack—open hearth against explosives, chrome steel against drilling, and non-burnable metal against the cutter-burner.

The vault door is a splendid piece of mechanical engineering. Whether it is square or circular is a matter of personal preference. The circular door takes twice as much metal as the square door and requires a larger area in which to swing properly, but mechanically it is a more perfect fit, being ground into its jamb with emery and oil, thus forming its own contact bed. As an advertising medium it is always effective and in its security always efficient.

The steel work of the vault is best reinforced by concrete walls in preference to brick, and this preference is more pronounced when the concrete walls are in turn reinforced with bars of tool-proof steel. This makes assurance doubly sure, and the small additional cost is always a good investment.

The vault may be made large enough so that it contains both the rented safety-deposit boxes and the bank's money chests. When this is done the bank's portion is separated from the public by a grille. When, however, separate vaults are provided, one for the public and another for the bank, they should be identical in order that they may carry out a uniformity of public impression. There is never any advantage in lining a book vault with metal. All that is ever wanted here is proof against fire and this can be had with masonry walls and an adequate fireproof door, and the same thing applies to the vaults for the storage of trunks and silver.

#### DETAILS OF THE BANKING FLOOR

With the intimate details of the banking floor we will deal very briefly here,

but important to and well worthy the consideration of the busy city bank is the recently developed method of paying and receiving at the same window. This custom is more general on the Pacific Coast than elsewhere and seems to have been inaugurated by the First National Bank of Los Angeles, but is now in use by several large city banks. The outline of the method is this:

In one cage six feet by nine feet free floor area there are two windows and two tellers, each of which receives and pays from the same window. If the area of the work space is sufficient the bookkeepers should adjoin them, this combination making a unit for the drawing account business. Each teller keeps his account independently of the other and each is provided with his own money and key to his side of the money safe in the cage. One teller may borrow money from the other, but he must give a receipt for it.

The advantages of paying and receiving at the same window from the bank's side is that the tellers have fewer accounts to handle and are consequently much more familiar with them, and the important fact that they work on both sides of the account, paying and receiving, increases that familiarity very materially. The advantage on the public side is a very great increase in the accommodation over the usual system; when during some parts of the day the crowd is depositing with few drawing money the receiving tellers would be very busy while the paying tellers are idle. Paying and receiving at the one window makes the bank service much more flexible and promptly equalizes any disparity in numbers between those who wish to deposit and those who wish to draw money.

It is important to place the working portion of the bank where it will receive all possible benefits from natural light. The public spaces may very properly be left to artificial lighting. With respect to the bank's equipment, in the large institution it is always advisable to carry this out on a unit system which greatly facilitates extension in the future. The telautograph, the pneumatic tube and the autophone are

all such satisfactory methods of communication that there is little disadvantage in having the clerical force removed from personal contact with the tellers. In the large institution this separation is quite usual, but in the smaller where floor space is always available the entire work of the bank may well go on behind the screen.

#### OPPORTUNITIES FOR ARTISTIC TREATMENT

I have dwelt briefly on the general practical problems which are considered in the modern bank building, but these in the really successful structure are part and parcel of the architectural scheme. Every detail of the bank is just as responsive to artistic treatment as it is to the latest practical device. The screen offers endless opportunities for originality in its ornamentation. Designs of old coins, of which there are numerous varieties, are always appropriate, and in the screen of the Adirondack Trust Company pine needles and pine cones are interwoven in the ornament, and in an Ohio bank the buckeye was conventionalized into a flowing and graceful design, together with the outlines of ships denoting commerce, the beaver industry, the winged hour-glass and the dollar sign for time and interest. Opportunities are endless for suggestive ornamentation, but this must not be overdone, and following out an important architectural principle before stated, that of giving to the interior the greatest possible effect of space, the screen is best kept light in appearance and as low as practicable. To fill up the bank interior with the screen is a pernicious architectural error and one which is frequently made. It is the effect of space which should be emphasized and not those things which may so easily take away from it.

With the interior of spacious effect it is quite possible for the architect to provide things which are worth looking at. It is not at all necessary for the directors to convene behind closed doors as is usually supposed to be the case. Frequently the directors' meetings take place after banking hours and an open balcony looking down into the main



ALFRED HOPKINS, ARCHITECT

A directors' balcony

banking-room is an entirely practical place and one which is architecturally attractive. The open directors' balcony in the Adirondack Trust Company has been in use a year and has proved entirely satisfactory. A balcony can and should be treated architecturally and should certainly be used for a dignified purpose. A very recent and important banking office in New York has two balconies contained within a series of arches which surround the great banking-room. These have been used for the clerical force, and the din of the typewriters and the adding-machines projected to the floor by the arched ceiling is literally deafening. The bank should not sound like a miniature manufacturing plant, and to keep it from this is an important part of the architect's work. Various sound-absorbing materials are now available and find their best use in softening the click and the clatter of the bank's mechanical equipment. The clerical force if too large to be accommodated on the main banking floor is best in a separate story entirely cut off from it, and not on an open balcony. This is not the present practice, but it is a desirable one if the

qualities of repose and quiet are to be some of the impressions of his bank which the depositor is to carry away with him.

Instead of the usual cut-and-dried ornament in the frieze it seems proper and appropriate that fitting inscriptions be placed here. George Washington said: "Economy makes happy homes and sound nations. Instil it deep;" and Abraham Lincoln said: "Teach economy. This is one of the first and highest virtues. It begins with saving money." Both these names and characters have a strong popular appeal. Among other expressions of good advice which the author has used for this purpose are: "Saving is a greater art than earning;" "A penny saved is a pound earned;" "Diligence is the parent of Fortune;" "Frugality is the mother of

the virtues;" "The first years of a man should prepare for the last." This latter is perhaps the most direct and clear-cut of all, and how few of us realize the importance of it. It ought to be engraved in the back of every man's mind, and it is good business for the bank to help put it there.

So it is seen that all functions of the bank may find their apt and beautiful expression in architecture, whether they be related to those things which are needed for a practical purpose or to that position of prestige and influence which the bank should have in its community, and it was just this which I meant when I said: "To the architect with an imagination the possibilities offered by the bank building for sympathetic, noble and appropriate architecture should make an instant appeal."



## Patriotic Southern Editor Warns Against Peace Talk

By RICHARD H. EDMONDS

Editor "Manufacturers' Record," Baltimore

**T**HE supreme question before this country is to fight, and fight for its own life, for civilization and for Christianity itself, to the utter extermination of the accursed power of Germany, which has filled the world with blood and sorrow.

This is no time to talk of peace or to think of peace.

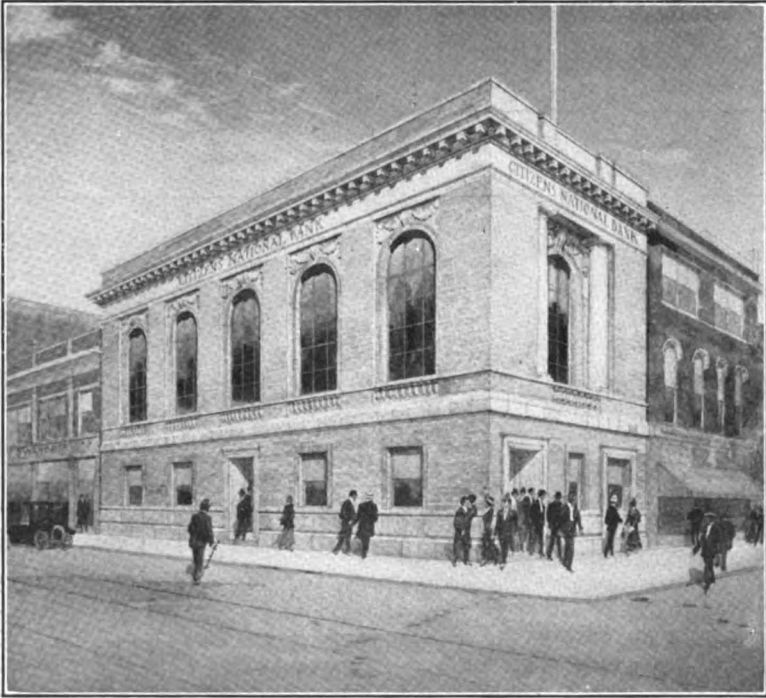
Any man in this country, or in that of any of the Allies, who utters one word in behalf of peace until Germany has been beaten to its knees, is false to the greatest moral issue which the world has ever faced.

Peace talk is pro-German talk; it is talk with rampant, blood-stained, red-handed murderers, and international and individual rapists, and is a disgrace to any man of moral character who utters a word in its behalf.

Indeed, no man or woman having a due appreciation of the fearful immorality of Germany can possibly look with any degree of favor whatsoever upon any other peace with Germany than the peace which the law makes with the individual murderer and rapist when forced to pay the just penalty of his crime.

# New Individual Bank Building for Citizens National Bank of Alton, Illinois

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New Individual Bank Building for Citizens National Bank of Alton, Illinois  
L. Pfeiffenberger & Son, Architects. Hoggson Brothers, Builders, Chicago and New York

**J**UDGING from the large, beautifully colored architect's drawing which has just been hung in the lobby of the Citizens National Bank of Alton, Ill., that institution is to have a fine new business home.

Louis A. Schlafly, vice-president, announces that contract for a new building has been let to Hoggson Brothers, builders, of Chicago and New York, who specialize in designing, erecting and equipping banking structures. L. Pfeiffenberger & Son, of Alton, are the architects.

The new home of the Citizens National Bank will be an individual bank building, occupied exclusively by the bank. Architecturally it will follow the lines of the French Renaissance type in design, and will present a dignified and handsome appearance. A light-colored face brick, with grey granite base and terra cotta cornice and trimmings will be the materials used.

The building has been planned with an eye to the future, and the enlarged quarters should afford ample accommodations for the constantly increasing business of the Citizens National Bank.

## Book Reviews

**AMERICAN FORM BOOK.** By J. R. Saylor. Revised by Milton Saylor and W. S. Walker. W. H. Anderson Co., Cincinnati, O. Price, \$3.50.

A collection of approved business forms and legal instruments embracing deeds, wills, contracts, mortgages, leases, bonds, bills of exchange, promissory notes, bills of sales receipts etc., of all states and territories.

Comprehensive, up to date, reliable and a safe guide. Professional men, business men, farmers, mechanics and others will find it of inestimable value in dealing with matters of the law.



**HOW TO DO BUSINESS WITH RUSSIA.** By C. E. W. Petersson and W. B. Steveni. Isaac Pitman & Sons, N. Y. Price, \$1.25.

Written by a former merchant of Petrograd and Riga who advises certain methods to be employed in order successfully to carry on trade with Russia where conditions are very much different from those of Western Europe.

Districts of Russia are considered separately and information given on such matters as travellers and agents, banking facilities, conditions of credit, bills of exchange, catalogues, etc.

A perusal of the book will prove of great service to all who wish to open up commercial relations with a country whose wealth is inexhaustible and whose possibilities are comparatively unknown.



**MONEY AND BANKING.** By J. T. Holdsworth. Appleton, N. Y. Price, \$2.25.

Written after the passage of the Federal Reserve Act, this book contains an

account of the causes that led to the adoption of the new system, and gives a lucid explanation of the various provisions. The appendix contains the full text of the act.

It further covers the entire field of money, credit and banking, treating in detail such subjects as the functions of money, the coinage history of the United States, various forms of credit, banks, domestic and foreign exchange and many others.



**NATIONAL BUDGET SYSTEM.** By C. W. Collins. Macmillan Co., N. Y. Price, \$1.25.

The work is an attempt to show in as brief a compass as possible what the budget system is, why it is said to be needed for the United States and what adjustments could be made short of a constitutional amendment to secure its adoption.

For the specialist and student of finance there is literature enough on the subject, but this is a simple and direct description of the budget system and its relation to our government suitable to be put in the hands of the layman who ordinarily shuns this intricate and complex subject. Although directly concerned in the taxation which supports the government.



**CIVILIZED COMMERCIALISM.** By E. G. Stevens. Dutton, N. Y. Price, \$1.25.

The principles of business—especially of big “business”—as at present conducted are not only not in accordance with but actually hostile to the principles of democracy.

Democracy is in the making in Amer-

ica, and still has most of America to make. Democratic principles must drive business privilege out of our business system or business privilege will drive democratic principles out of our political system.

This book is an application of democracy to business. It outlines a scheme, sane, modern and just for eliminating oppression and competition from business, and yet of permitting the fullest useful growth and activity to business corporations of size.



**STATISTICAL INDICES OF BUSINESS CONDITIONS.** By M. T. Copeland. *Quarterly Journal of Economics.* Cambridge, Mass. Price, \$.50.

It is the purpose of this article to discuss the use of statistics for indicating the trend of business conditions. The first task is to ascertain what available statistics are symptomatic of business changes; the second to examine critically some of the methods by which statistics are being used at the present time for business forecasting, and the third to suggest an improved method.

The subject is large and the work is still in an experimental stage, hence all conclusions must be considered tentative.



## Duty of the Present Hour

By HON. JAMES M. BECK

**T**HE hour is a dark and a black one, the obstacles cannot be overestimated, the danger cannot be sounded too insistently. It is now or never.

It will not do for us one, two, three or four years from now to say then: "We will now in this great struggle for democracy do differently."

It is won now and won for centuries or it is lost now and lost for centuries. Now is the accepted time. This is the day of salvation.

For my part, the only fear that I have of America is the fact that we do

1816-1916. ONE HUNDRED YEARS OF SAVINGS BANKING. By E. S. Robinson. American Bankers Association. Price, \$.50.

There is no doubt that fundamentally lack of thrift in the average individual; his lack of coöperation, of good management of his personal resources; his lack of prudence and economy are largely responsible for varied economic disturbances.

This book is issued with the desire to promote further study on the part of the public of these virtues as they relate to thrift.

Includes a comprehensive bibliography on thrift, compiled by Marian R. Glenn and Ina Clement.



**ECONOMY AND FINANCE OF THE WAR.** By A. C. Pigou. J. M. Dent & Sons, Ltd., London. Price, \$.60.

A discussion of the real costs of the war and the way in which they should be met by the Professor of political economy. University of Cambridge.

It may be well to say that, while the general lines of analysis set out would probably be accepted by most competent economists, the author does not claim an equal measure of assent for the practical recommendations.

not realize the imminent character of the peril, and moreover, the vital element of time. Time! Human endurance will not permit this war to go on endlessly. It will end in a compromise unless America shall sense the supreme peril of the hour and throw all of its supreme energies into the mighty task.

It can do that. It will do it if it sees the peril. We are never lacking in courage, we are never lacking in idealism; but we do not see the vital nature of the present hour and it ought to be seen.

# Banking and Financial Notes

## NATIONAL BANK OF COMMERCE IN NEW YORK

How the banks of New York are growing is strikingly shown by the March 4 report of the National Bank of Commerce in New York, the total of whose balance-sheet on the date named was \$484,668,655.09. Deposits were \$358,239,531.

## THE SEABOARD NATIONAL BANK OF NEW YORK

This institution reported on March 4: Capital, \$1,000,000; earned surplus and profits, \$3,578,725; deposits, \$61,346,892; total resources \$68,745,711.04.



*John B. Branch*  
*Our first President*

## Merchants National Bank

RICHMOND, VA.

Capital . . . . . \$400,000  
Surplus and Profits over 1,000,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**

## NEW VICE-PRESIDENT OF SHERMAN NATIONAL BANK

W. A. Radford recently took up his new duties as vice-president of the Sherman National Bank of New York.

Mr. Radford left the National Bank of Commerce in New York, where he was director of new business activities, to become associated with the Sherman National Bank. Prior to his banking connections Mr. Radford was associated with R. G. Dun and Company in the district of the city immediately adjacent to the splendid new banking quarters of the Sherman National Bank.

## MERGER TO BE ACTED UPON

The stockholders of the Central Trust Company of New York met on April 11 to ratify the plans to merge their institution with the Union Trust Company.

## CAPITAL INCREASE RECOGNIZED

The New York Stock Exchange has listed the new capital of the Columbia Bank of New York, which is now \$1,000,000. This is in accordance with resolutions adopted by the Columbia board at its January meeting, which were as follows:

Resolved, That the capital stock of Columbia Bank be increased from \$300,000, consisting of 3,000 shares of the par value of \$100 each all of which has been issued, to \$1,000,000, to consist of 10,000 shares of the par value of \$100 each, being an increase of \$700,000, consisting of 7,000 shares of the par value of \$100 each; such additional shares to be disposed of as follows: All of such additional stock, amounting to 7,000 shares, to be offered ratably to the stockholders of this bank of record, at the close of business on the 15th day of January, 1918; 3,000 of such additional shares at \$100 per share, and 4,000 of such additional shares at \$150 per share; and that under the direction of the president of the bank, transferable warrants for such subscription rights shall be issued to such stockholders of record, and that pursuant to such warrants,



# The Chemical National Bank of New York

(Established 1824)

## Broader Markets

Interesting Export and Import Trade figures for the year ending June 30, 1917, are now available. Note the steady excess of exports over imports.

Year Ended June 30.	Exports.	Imports.	Excess of Exports over Imports.
1917 .....	\$6,293,806,000	\$2,659,355,185	\$3,634,450,815
1916 .....	4,333,482,885	2,197,883,510	2,135,599,375
1915 .....	2,768,589,340	1,674,169,740	1,094,419,600
1914 .....	2,364,579,148	1,893,925,657	470,653,491

We offer bankers every modern banking facility based on a policy of conservatism that dates from our founding almost a century ago.

Interest paid on Balances of Banks, Time Deposits and Special and Reserve Accounts. Correspondence solicited

### Capital, Surplus and Undivided Profits, \$11,500,000

H. K. Twitchell, President  
Percy H. Johnston, Vice-President  
Francis Halpin, Vice-President  
I. B. Hopper, Vice-President  
Edward H. Smith, Cashier

James L. Parson, Assistant Cashier  
J. G. Schmelzel, Assistant Cashier  
John B. Dodd, Assistant Cashier  
Samuel T. Jones, Assistant Cashier  
H. M. Rogers, Mgr. Foreign Dept.

#### DIRECTORS

Frederic W. Stevens Robert Walton Goelet  
W. Emlen Roosevelt Charles Cheney  
Arthur Iselin  
Frederic A. Juilliard Herbert K. Twitchell  
Ridley Watts Percy H. Johnston  
Charles A. Corliss

such subscriptions must be made and delivered to the Columbia Bank not later than March 1, 1918, and payments in full for the stock subscribed for must be made on or before March 1, 1918; and further

Resolved, That in case of the failure of any stockholder to avail himself of said right to subscribe for such new stock, and to pay therefor, on or before said date, the right of said stockholder to said stock shall cease and terminate, and all such stock not subscribed and paid for shall be issued and disposed of in such manner, at such time, and at such price, not less than \$150 per share, as the board of directors may determine; and further

Resolved, That the president be, and he hereby is authorized to adopt the ways and means for the issuance and distribution of the increased stock as above provided.

#### GUARANTY TRUST CO. ACQUIRES MORE SPACE

The Guaranty Trust Company of New York has acquired title to the new fifteen-story building at 60-64 Liberty street, adjoining its present home. The building is at present occupied largely by the excess business of the Guaranty

Trust Company, as a sort of annex to the main edifice at 140 Broadway, corner of Liberty and Broadway.

#### PHILIPPINE NATIONAL AIDS TOBACCO FUND

Residents of the Philippine Islands are mobilizing to provide smokes for Uncle Sam's soldiers in France, and the first consignment of thirty cases reached a New York dock recently. The tobacco fund is being raised under a plan fostered by the Philippine National Bank, whose head office is at Manila and which has its New York agency in the Woolworth building.

The smokes contributions come in tobacco from the growers and manufacturers in the Philippines, of whom there are many, and in funds from hundreds of persons throughout the islands. It is estimated that several hundred cases of Philippine tobacco will be on their way from Manila in the course of the next few weeks.

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$800,000

## OFFICERS

JULIAN P. FAIRCHILD,  
WILLIAM HARKNESS,  
D. W. McWILLIAMS,  
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

*Vice-Presidents*

THOMAS BLAKE, *Secretary*  
HOWARD D. JOOST, *Assistant Secretary*  
J. NORMAN CARPENTER, *Trust Officer*  
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

## IRVING NATIONAL BANK OF NEW YORK

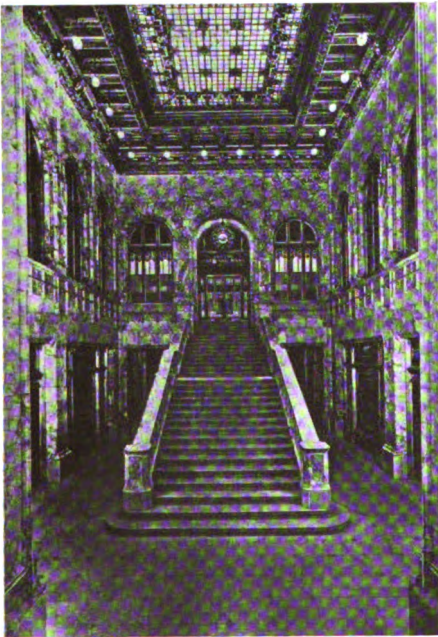
An exceptionally strong statement is made by this institution in response to the Comptroller's call of March 4. Loans and discounts, including accept-

## MENACE OF PEACE BY AGREEMENT

In the monthly letters being sent out by the various banks of the country appears much excellent patriotic propaganda. A sample of this appears in the recent monthly letter of the Mechanics and Metals National Bank of New York, from which the following quotation is made:

Emboldened by her new gains, Germany is striving to impress upon the world a sense of her invincibility. There is small reason to doubt the subjugation of the once Great Russian Empire; with her armies disbanded, her manhood demoralized and entire population disunited, Russia is removed as an aggressive factor in the war and no one counts any longer upon effective help for the Allies' cause from the east.

A peace formula based upon making concessions and receiving concessions in recognition of Germany's vaunted invincibility would be tragic. The American people would never ratify it. Having pledged all they possess for a definite object, the American people are determined that come what may they will make sacrifices, however great, rather than forego their object and accede to a peace for the world like that imposed upon Russia. The United States, with the Allies, is proceeding with the unswerving purpose of proving that Germany is not invincible, but beatable; that unparalleled atrocities like those of Belgium and the Lusitania are to be wiped out; that, moreover, the war shall go on to a final triumph unless, beforehand, the enemy frankly admits that only right and honorable terms can bring peace, and sues on such terms.



Grand Stairway, Irving National Bank, New York

ances, were \$85,951,280; capital, \$4,500,000; surplus, \$4,500,000; undivided profits \$886,566; deposits, \$128,062,478.60; total resources, \$143,803,662.92.

## CHEMICAL NATIONAL BANK ADDS TO ITS HOLDINGS

Growth in the business of the Chemical National Bank of New York has caused that institution to take title to

**"The Bank That Service Built"**

**THE**

# **SEABOARD NATIONAL BANK**

**OF THE CITY OF NEW YORK**

<b>Capital</b>	<b>\$1,000,000</b>
<b>Surplus and Profits (Earned)</b>	<b>3,535,000</b>
<b>Deposits</b>	<b>65,847,000</b>

**S. G. BAYNE, President**

**C. C. THOMPSON, Vice-President**

**O. M. JEFFERDS, Asst. Cashier**

**B. L. GILL, Vice-President**

**C. C. FISHER, Asst. Cashier**

**W. K. CLEVERLEY, Vice-President**

**J. D. SMITH, Asst. Cashier**

**L. N. DeVAUSNEY, Vice-President**

**B. I. DADSON, Asst. Cashier**

**H. W. DONOVAN, Cashier**

**J. E. ORR, Asst. Cashier**

**DIRECTORS**

**SAMUEL G. BAYNE**

**HENRY C. FOLGER**

**JOSEPH SEEP**

**WILLIAM K. CLEVERLEY**

**BENNETT L. GILL**

**CHARLES C. THOMPSON**

**EDWARD J. CORNISH**

**EDW. H. R. GREEN**

**WILLIAM H. WOODIN**

**MICHAEL J. DEGNON**

**PETER McDONNELL**

**DAVID H. E. JONES**

**The success of this bank is founded upon a policy of painstaking,  
efficient and courteous service to all**

**ACCOUNTS INVITED**

the property at 84 and 86 Chambers street, adjoining the bank's main building. At present the additional space will be occupied by the bookkeeping, foreign exchange and other departments, which do not necessarily have to come in direct contact with the customers. Rest rooms and a library will also be provided for the convenience of employees.

**GROWTH OF THE STATE BANKS IN  
NEW YORK**

In his annual report recently transmitted to the legislature, the Superintendent of the Banking Department of the State of New York points out that at the close of 1917 the reported resources of the institutions under his supervision were approximately \$6,410,000,000, an increase since the first part of 1914 of nearly \$2,000,000,000 or about fifty per cent.

The banking assets of the state institutions are over one-sixth of the to-

tal resources of all the state and national banking institutions of the United States. The total resources of trust companies and savings banks of the state alone exceed by \$1,000,000,000 the total resources of all the national banks in New York State.

The superintendent states that according to the last reports available prior to the revision of the banking law on April 16, 1914, there were 925 institutions, including branches, under the supervision of his department having total reported assets of \$4,430,377,078, while at the close of the year 1917, including branches, there were 1,114 institutions under supervision with reported resources of about \$6,410,000,000. Notwithstanding the difficulties created by the entry of this country into war and the enormous resultant demands made upon our financial resources, there was an increase in the reported resources of the state institutions during the year 1917 of approximately \$500,000,000.



## 100 YEARS OF COMMERCIAL BANKING

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Asst. Cashier

JOSEPH BROWN

Asst. Cashier

GEORGE M. HARD

Chairman

ACCOUNTS INVITED

**Total Resources over \$90,000,000**

### NEW CHEMICAL DIRECTOR

Charles A. Corliss, president of Lamont, Corliss & Co., Inc., has been elected a director of the Chemical National Bank of New York.

### CHANGING THE NAME

Action has been taken by the board of directors of the German-American Bank of New York, with the view of changing the name of the institution.

### NEW YORK COUNTY NATIONAL INCREASES CAPITAL

The Comptroller of the Currency has approved the plan to increase the capital of the New York County National Bank from \$500,000 to \$1,000,000. The issuance of the new stock which was offered to the stockholders at par was authorized by the shareholders at the annual meeting in January. The enlarged capital became effective March 2.

### LIMITATION OF CAPITAL ISSUES

The administrative committee of the American Bankers Association has given unanimous approval to the work of the capital issues committee of the Federal Reserve Board in the following resolution:

Whereas, the Secretary of the Treasury requested the Federal Reserve Board to take up the question of a limitation of the issue of new securities throughout the United States along the lines of the conservation of capital for the prosecution of the war—that is to say, to limit, so far as possible, the issue of new securities for non-essential purposes in order that essential financing, including the Government financing itself, can be made possible; and

Whereas, pursuant thereto the Federal Reserve Board has named Mr. Warburg, Mr. Delano and Mr. Hamlin on a committee to be known as the capital issue committee; now, therefore, be it

Resolved, That we, the administrative committee of the American Bankers' Association, are in full accord with this movement and give it our hearty and unqualified support, and further, that we recommend to the members of the American Bankers Association that they also extend their hearty support in carrying out the purposes for which the capital issues committee was appointed.

FELIX M. WARBURG, CHAIRMAN

Chairman Mitchell of the Federal Food Board has announced that Felix M. Warburg is made chairman of the committee on food census. The organization to be perfected by the committee will take a census of all foodstuffs in warehouses in the hands of wholesalers and jobbers and in transit to New York, in order that there may be accurate information during the period of the war of the city's available food supplies.

THE officers of this bank are always at  
the immediate service of its customers

PHINEAS C. LOUNSBURY, *Chairman*

HERMAN D. KOUNTZE, *President*

EDWARD K. CHERRILL, *Vice-President*

KIMBALL C. ATWOOD, *Vice-President*

GILBERT H. JOHNSON, *Vice-President*

WILLIAM F. FITZSIMMONS, *Vice-President*

FRANK E. ANDRUSS, *Cashier*

JOHN P. LAIRD, *Assistant Cashier*

## ATLANTIC NATIONAL BANK

257 BROADWAY · NEW YORK

*Capital, Surplus and Undivided Profits, \$1,800,000*

### COMPETITION OF THE BANKS AND THE GOVERNMENT

Notification has been sent to the banks that competition for deposits would be unfavorably regarded by the Federal Reserve Board. Warning to this effect was given in a telegram which Governor Harding sent to the Reserve Banks outside New York. A similar warning was not served on New York because already the board has initiated its campaign in New York to reduce interest rates there.

Increases in interest rates on deposits left with banks have come about through a desire on the part of the banks to increase their deposits. Competition among reserve city banks for deposits has brought this about. This competition with its resultant increase in interest rates, threatens to give the Government trouble in its desire to market successfully the next Liberty Loan.

Governor Harding's telegram to the eleven reserve banks outside of New York was as follows:

Board is anxious to have you watch situation in your district with respect to competition for deposits through advancing interest rates, with view of getting banks contemplating advances to defer action and of inducing those who are paying more than normal rates to reduce them. Board feels that Government financing should have right of way and that reserve strength of banks would be increased by encouraging the public to invest in Treasury certificates of indebtedness and Liberty Bond issues rather than by banks competing for these funds and thus necessitating heavy investment in these securities for their own account. Wide distribution of Government deposits throughout the country shows general tendency to issues is most important. Increase in volume and there seems to be no good reason to increase rates of interest paid for them, thus adding to cost of money.

Transfer of balances from one bank to another does not add anything to strength of banking position as a whole. Board urges that broad national view be taken of this question. In view of approaching Liberty Bond campaign sharp nation-wide contest between banks for deposits would be particularly unfortunate.

New York Clearing House unanimously adopted this resolution:

"Resolved, That this association wishes to

# **BUFFALO**—the home of Curtiss Aeroplane Company

## **Citizens Commercial Trust Company**

**Capital and Surplus - \$2,500,000.00**

**Resources - - - 22,000,000.00**

**MEMBER FEDERAL RESERVE SYSTEM**

record that any general campaign for deposits at increasing and competitive rates of interest inasmuch as such action is disturbing throughout the nation and does not add to the collective strength of banking resources, is at this time improper and should not be undertaken by any institution."

It is expected that New York Clearing House will reach definite agreement within next ten days or two weeks. In meanwhile interior banks are advised against hasty and ill-considered action. Please bring this telegram to attention of banks in your district with view of ascertaining their views and of enlisting their coöperation.

### **MR. SCHROEDER GETS ASSISTANT CASHIERSHIP**

E. A. Schroeder, formerly assistant cashier of State Bank of Chicago, has been appointed assistant cashier of the National Bank of Commerce in New York.

### **BRANCH OF MEXICAN BANK IN NEW YORK**

Public announcement is made that the Bank of the Mexican Republic, which has been formed by the Mexican Government in connection with the revision of its monetary system, will begin operations on April 1. Shortly after that date the new bank will establish a branch in New York, taking the offices now occupied by the Financial Agency of the Mexican Government in the Equitable building.

Dr. Alfredo Caturegli, local financial agent of the Mexican Government, states that the new bank will eventually have a capital of \$200,000,000 Mexican gold (\$100,000,000 United States

money). It will start with a capital of \$40,000,000 Mexican gold (\$20,000,000 United States money).

Under the new Mexican currency system it will be the only bank permitted to issue paper money, and all such money will be backed by gold reserves.

### **CONSOLIDATION PERFECTED**

In conformity with the action of the board of directors of the Market and Fulton National Bank and of Irving Trust Company, and with the approval of the Superintendent of Banks of the State of New York, and the Comptroller of the Currency, Washington, D. C., arrangements have been made whereby the business of the Market and Fulton National Bank has been consolidated with the Irving Trust Company.

The present banking office of the Market and Fulton National Bank will be continued as the "Market and Fulton Office" of the Irving Trust Company; checks, etc., drawn upon the Market and Fulton National Bank will be paid by the Market and Fulton Office of the Irving Trust Company. Check books and pass books now in use by depositors of the Market and Fulton National Bank may be continued in use until others are furnished.

There will be no change in the policy or management of the business of the Market and Fulton National Bank, the present officers and clerical force being continued intact. Under the new arrangement Mr. Alexander Gilbert becomes chairman of the board of directors of the Irving Trust Company and

Mr. Robert A. Parker, vice-president of the Irving Trust Company and a member of the board of directors. These two gentlemen will continue to have the same charge and supervision of the Market and Fulton Office of the Irving Trust Company as they formerly had of the Market and Fulton National Bank, and the board of directors of the Market and Fulton National Bank has consented to continue as an advisory board in the direction of the affairs of the Market and Fulton Office of Irving Trust Company.

#### BANK OF CHOSEN, KOREA

Hirom Yasuda, New York representative of the Bank of Chosen of Korea, announces in a letter to THE BANKERS MAGAZINE that his office is now located 120 Broadway (Equitable Building). The bank has a capital of 20,000,000 yen, and the head office is at Keijo, Chosen (Korea), with branches throughout Japan and Manchuria.

#### "THE STREET" IN ITS FINE LIGHT

Internal Revenue Inspector William E. Edwards recently gave utterance to the following sentiments:

These are days when we must do everything we are told to do, because the spirit of patriotism enters largely into our relations with the Government.

Wall Street may be the bulwark of freedom in the struggle against Prussianism.

Wall Street trades in what is known as securities. A new meaning has been given to this word by the war, for the security of the nation depends on your securities.

Some of the stock on the different exchanges may be below par, because we have always kept them. In your dealings with the Government you have never traded on margin, because you have always paid in full.

Your word is as good as Uncle Sam's, but Uncle Sam has the privilege of the final say as to just what your bill should be. Let us hope that Wall Street, physically very small, shall become as famous for patriotism and strength as the little Greek army of 300 at Thermopylae.

#### TAXING BIG INCOMES

The largest incomes are subject to heavier taxation in this country than

### Resources

**\$17,000,000.00**

**If intelligent handling of items and low rates appeal to you send us your Buffalo business**



### Try our Service

**and you will be entirely satisfied**

**A. D. BISSELL, President**

**C. R. HUNTLEY, Vice-Pres.**

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**E. J. NEWELL, Vice-Pres.**

**HOWARD BISSELL, Cashier**

**C. G. FEIL, Asst. Cashier**

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# Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

*Send for our booklet*

**"The Transfer of Reserves  
To Federal Reserve Banks"**

THE

## Philadelphia National Bank

(ORGANIZED 1863)

any other in the world, says Otto H. Kahn, of Kuhn, Loeb & Co., the maximum rate being sixty-seven per cent., against forty-two and one-half per cent. in England. Moderate and small incomes are subject to a far smaller rate of taxation here than in England, in America incomes of married men up to \$2,000 not being subject to any Federal income tax at all, while in England the tax on incomes of \$1,000 is four and one-half per cent. American excess profits law taxes all profits derived from business over and above a certain moderate percentage, while the English tax applies only to excess war profits, with the result that normal business profits are taxed here much more heavily than in England, while direct war profits are taxed less heavily. Our Federal inheritance tax has a maximum rate on direct descendants of twenty-seven and one-half per cent., against twenty per cent. in England; and in addition to that, we have state inheritance taxes which do not exist in England. Of her total actual war expenditures, England

has raised less than fifteen per cent by taxation, while America is about to raise twenty-eight per cent. by taxation.

### S. W. STRAUSS ON THRIFTLESSNESS

S. W. Strauss, president of the American Society for Thrift, says thriftlessness, extending back for many generations, is the real cause of our present transportation and business ills.

As individuals we have been thriftless in our public duties and exactions. Thrift means foresight, plans, preparation, thoroughness and efficiency in their broadest conception. Thrift is an attitude of mind; and a truly thrifty nation never would have allowed itself to get into the condition that has existed this winter in the industrial and commercial world.

No one would have predicted this situation, it is true—the combination of war and bad weather. Neither does the man who is recklessly squandering his money know that within a few months, perhaps, he will be in a hospital, out of work or disabled by an accident. To be thrifty is to be prepared for the worst—to be continually safeguarded against unexpected disaster.

The indictment lies against the American



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Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION  
NATIONAL  
BANK**



**PHILADELPHIA**  
Resources over  
**\$13,000,000**

people because we have been content to go along year after year in our snug contentment, our criminal wastefulness, or wholly nonchalant disregard for the future.

Some railroads have been notoriously overcapitalized and the public has allowed these conditions to take place. On the other hand, the railroads have been unfairly and in some instances malignantly muck-raked and impeded. And the public has tolerated this condition, too.

Whether peace is a long way off or close at hand, it will bring with it just as great need for thrift as now exists.

The tremendous losses of the war in property, productive power and disorganization of business routine will have to be repaid by thrift, conservation of resources and efficiency.

Peace will bring an era of intense activity, keen international competition—a universal speeding up of the business machine. It will be no time for wastefulness, incompetency and indifference. America will not dare return to her old habit of improvidence.

Thrift is a National necessity—present and future.

Peace preparedness!

Let us keep these words in our mind constantly.

We are going to win the war through thrift.

We are going to attain our eventual Na-

tional destiny through steadfast adherence to these same sturdy practices.

### FREE BANK SERVICE FOR ARMY MEN

Free bank service for army and navy men is afforded by the Hanover National Bank of New York. The bank stands ready to assist the financing of army and navy men who go abroad, free of commission. The service is not limited to depositors of the bank or to depositors of correspondent institutions, but is extended to all who enter the service of the United States.

The bank has two plans, both of which have been worked out by William H. Suydam, manager of the foreign department. The first is the straight remittance. Anyone desiring to send money to an officer or soldier in service on the other side may make his payment at the office of the Hanover, or at any bank in the country, and in due time he will receive a receipt with the signature of the soldier. The Hanover's correspondents in France and

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PROVIDENCE, R. I.

Assets over . . \$70,000,000

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WARD E. SMITH . . .	Treasurer	HENRY C. JACKSON . . . Assistant Secretary

England have agreed to attend to the remittances without charge, and the Hanover makes no charge. Persons out of town have only to request their local banks that the remittance be sent through the Hanover and no charge will be made. The service of the French banks has been developed to such a degree that the \$5 or \$100 sent to a soldier by a relative in this country is delivered to him in the trenches, where he signs the receipt.

The second plan contemplates the opening of an account by the officer planning to go abroad with his local bank, be that in San Francisco, Troy or Kalamazoo, under an arrangement by which the officer instructs the War Department to send his monthly salary check to the bank. If the monthly payment is, say \$200, the officer may instruct his local bank to honor checks drawn by his wife up to the amount of \$100 monthly, and arrange for his drawings up to a monthly limit of \$100. The out-of-town bank sends a memorandum of the transaction to the Hanover National Bank in New York, which arranges for the officer's drawings in France. The Hanover makes no charge for the service, the French bank makes no charge and the out-of-town institution makes no charge, but must guarantee its depositor's account.

The novel feature of the Hanover Bank's plan is that the American officer or private is not obliged to carry a letter of credit, of the character issued by other institutions which have offered banking facilities to the men abroad.

Such letters of credit may be lost, and at times it is inconvenient to carry them. Under the Hanover Bank's plan the American officer who has arranged for a credit before his departure to France, needs only to enter one of the branches of the French banks which are coöperating with the Hanover, and sign his name to a check. The signature is compared with the card already on file and the officer completes the transaction in exactly the same way as he would if he entered his home bank where he keeps his account.

The Hanover National Bank has arranged these credits for thousands of officers and privates, and one of the bank's inner rooms is full of men in uniform practically every minute of the business day. There is no direct or indirect profit to the Hanover in making these arrangements, and it is carrying out the work as a patriotic venture and irrespective of the cost it entails.

## VIGOROUS AMERICANISM

From President William A. Law of the First National Bank of Philadelphia comes this expression of opinion—such as one would expect from America's birthplace:

The nation is abandoning its easy-going optimism for the intelligent team-work that shall coördinate the activities of 110,000,000 red-blooded Americans for the suppression of world rowdyism. The country is not pinning its faith to an early peace, and peace rumors of German origin are, therefore, being accepted at their real worth, and judged by what is happening in Russia. The Wash-



# UNION COMMERCE *National Bank* OF CLEVELAND

Capital \$4,000,000  
Surplus 2,000,000

*"Expeditious Service now—  
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON, - - President  
GEORGE S. RUSSELL, - Vice-President  
WILLIAM E. WARD, - Vice-President  
ELMER E. CRESWELL, Vice-President  
WILLIAM C. CAINE, - Vice-President

WALTER C. SAUNDERS, - - Cashier  
HARRY E. HILLS, Asst. Cashier  
CARL R. LEE, - - Asst. Cashier  
FRANK A. WHITE, - - Asst. Cashier  
FRED. W. COOK, - - Asst. Cashier

ington investigations into the efficiency of our fighting methods have been productive of better cooperation between all government departments. Similar inquiries conducted in other belligerent countries have been also helpful in focussing public attention upon vital needs. As a result, closer cooperation is being developed between government officials and highly trained business specialists in the effort to enlarge production, reduce waste, and increase the momentum of the American war machine. This is not a question of politics, but a question of developing the requisite human efficiency in a struggle to safeguard the very life of the nation.

The situation at the moment calls for high courage, cautious planning and broad statesmanship. Let there be no mistake about it, the Entente Allies are going to win this war, even if it takes several years to win it! It is the greatest undertaking that any nation ever engaged in, and worth all that it costs for those now living and for generations to come. But we must not be tricked into suspending operations a day before the psychological moment arrives for securing a permanent peace. When that day comes, all nations will be glad enough to end the agony and lay aside their arms.

MR. GATES GOES TO DREXEL & CO.

Thomas S. Gates has tendered his resignation as President of the Philadelphia Trust Company and will become a member of the firm of Drexel & Co.

VICE-PRESIDENT PASSMORE WILL NOT  
QUIT ENTIRELY

Although it was necessary for Vice-President Passmore of the Franklin National Bank of Philadelphia to resign in order to accept the governorship of the Federal Reserve Bank of Philadelphia, it is pleasing to his friends to learn that he will retain a place on the board of the Franklin National.

BOOKLET ON EXCESS PROFITS TAX

The Fourth Street National Bank of Philadelphia has issued in pamphlet form concise and comprehensive definitions affecting corporations, partnerships and individuals, with illustrations.

# The National Stock Yards National Bank AND The National Cattle Loan Company

ST. LOUIS NATIONAL STOCK YARDS, ILLS.

Are the largest cattle financing institutions in the Eighth Federal  
Reserve District

**WIRT WRIGHT**  
President

**O. J. SULLIVAN**  
Vice-President

**ROBERT D. GARVIN**  
Cashier

and examples, relative to war excess profits tax. The booklet treats each regulation separately, article by article, beginning with corporations, partnerships and individuals subject to the tax; takes up rates and computation of tax, net income, invested capital, nominal capital, returns, and assessment and collection. In the study and solution of this measure the booklet issued by the Fourth Street National Bank will prove of assistance to those interested.

## FEDERAL RESERVE GOVERNOR URGES SUBSCRIPTION

Governor Charles A. Morss of the Federal Reserve Bank of Boston has sent out letters to banks in his district urging them to subscribe to the latest offering of \$500,000,000 of four and one-half per cent. United States Treasury certificates of indebtedness. The

new certificates will be dated February 27 and will mature May 28.

"The Secretary of the Treasury," says Governor Morss, "was much disappointed in the subscriptions for the last offering made by the country banks, which forced the banks in New York city to take up such portions of allotments of other districts as had not been subscribed for. The Secretary urges every bank insofar as it is possible to make subscriptions to this issue of certificates for the full amount of allotment, namely, one per cent. a week of the total resources of each bank, which would mean a two per cent. subscription of the total resources of each bank for this issue of certificates."

## C. C. BULLEN TALKS ON WAR FINANCING

In a speech before the Canadian Club of Boston, Cashier C. C. Bullen of the Federal Reserve Bank of Boston gave a brief history of the Federal Reserve banks since 1913, and the causes which brought them into being. There was little activity in these banks in 1914 and not so very much more in 1915; but since 1916 more metallic gold has been held in the banks of this country than was ever before held by the banks of any country in the world. The war created new financial conditions throughout the entire world.

That England might not be depleted of her gold, arrangements were made by which the Bank of England holds much gold to the credit of the Federal Reserve banks in this country. The first war loan was for \$200,000,000 on

*foreign exchange  
is the clue . . .*

## to the international situation

The unprecedented increase in our foreign trade—the unfamiliar spectacle of our becoming a creditor nation—is causing business men and students to pay more attention to the study of foreign exchange. *What is it? How does it operate? How is it affected by international transactions?* These questions and many others are answered in "The Elements of Foreign Exchange" by Franklin Escher. The intricacies and perplexities of foreign exchange are made clear in this little book, which, in a popular and readable style, tells you just what you NEED and WANT to know about this important subject. Sent prepaid anywhere on receipt of check or money order for \$1.35.

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## Twin Cities AND THE Northwest

TO THE

CAPITAL AND SURPLUS  
TEN MILLION DOLLARS

*We are prepared to meet your most exacting requirements and cordially invite you to write to us*



short certificates issued and held by the Federal Reserve without disturbing the local banking system.

Under the old banking system the Liberty Loan would have been impossible, but with the Federal Reserve Banking System financing the war became comparatively easy. There are three ways of getting money for war, namely, through savings, by means of money held but not invested and by credit, the latter being the principal way.

One of the first essentials of a credit system is faith, not the faith which the Scotch Presbyterian defined as an inward consciousness that makes one believe the things which he knows are not so, although—if the war lasts long enough, the people may be driven to that point, too—but a reasonable one in the integrity of the system of banking.

There have been, to be sure, many criticisms of Government loans, especially that to Russia, which may be considered as lost; but even in that case the loss is the Allies' gain for what that country did before she retired. The law forbids the Secretary of the Treasury making loans without collateral security. When this difficulty arose, it was suggested that United States bonds were among the best collateral that could be secured. So bonds of this kind, though not issued, became the collateral for the Government loans through the Secretary of the Treasury.

It all worked out very nicely, he said, through the Federal Reserve banks and

by them through local banks. In this way loans for worthy enterprises were not disturbed. Of late the banks are restricting loans to industries essential to the war.

#### FOREIGN GOVERNMENT BONDS

The Comptroller of the Currency says that the reports of condition for

### B/L BANK of CHICAGO



We collect direct Bill of Lading items on every shipping point in the United States and Canada. Aspecial department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

**UNION TRUST COMPANY**  
**CHICAGO**

*Strictly a Commercial Bank*  
*Established 1869*



## What Do Bankers Want?

Years ago, in seeking to increase our business with banks, we answered that question for ourselves.

### BANKERS WANT SERVICE—

Individual, Prompt, Efficient Service.

We have therefore specialized on Service—and the volume of our deposits from banks is now larger than that of any other institution West of the Mississippi River.

WRITE US—CALL ON US

## The National Bank of Commerce

IN ST. LOUIS

**Capital, Surplus and Profits, \$13,000,000.00**

JOHN G. LONSDALE, President

W. B. COWEN, Vice-President

J. A. LEWIS, Vice-President and Cashier

R. F. McNALLY, Vice-President

December 31, 1917, show that the total amount of bonds of foreign governments held by the national banks of the country on the date named was \$280,635,308, of which only \$709,613 were bonds of the German-Austrian Governments. Other foreign securities held by the national banks on the same date aggregated \$69,990,835, making total of all foreign securities \$350,644,161, against \$297,236,000 foreign securities held November 17, 1916, and \$158,500,000 on May 1, 1916.

Of the total amount of foreign government bonds owned, \$20,603,338 were held by national banks in the New England States; \$182,854,947 by national banks in the Eastern States; \$15,294,128 in the Southern States; \$42,057,311 in the Middle States; \$8,101,292 in the Western States, and \$11,742,292 in the Pacific States.

The banks of the central reserve cities owned \$99,549,562 foreign government bonds. National banks in other reserve cities held \$59,488,751, while

the amount held by all country banks was \$121,614,995.

The state in which the country banks held the largest amount of foreign government bonds was Pennsylvania—\$31,260,866. Country banks in New York State came next with \$23,701,435, followed by New Jersey with \$8,312,698; Ohio, with \$7,719,036; Massachusetts, with \$5,898,144; Michigan, with \$4,266,262; Virginia \$3,411,536; Connecticut, \$3,305,188. In no other state did the amount of foreign government bonds held by country national banks amount to as much as \$3,000,000.

### INCORRECT STATEMENT ABOUT THE NEW HAVEN ROAD

John Skelton Williams, Director, Division of Finance and Purchases of the Railroad Administration, says:

Director General McAdoo authorizes me to say that newspaper reports to the effect that the railroad administration has stated that the New Haven's obligations of about

# A Book for Bankers—

Our booklet "Essentials in the Granting of Bank Credits" should prove interesting to every banker. It describes the principles and methods which are observed, and contains a general description of bank credit department methods.

We shall be glad to mail you a copy of this booklet upon request.

## Mississippi Valley Trust Co.

*Member Federal Reserve System*

ST. LOUIS

MISSOURI

\$45,000,000, maturing shortly, have been or would be provided for by the Government, are incorrect. While it is hoped that the road may find some way to protect its obligations, no decision has as yet been reached by the Government as to the extent, if any, to which it may extend aid to the system. The subject is now under consideration, and as soon as a decision is reached official announcement will be made.

### BANK CONSOLIDATION AT MEMPHIS

The Mercantile National Bank and the Union and Planters Bank and Trust Company, of Memphis, Tenn., have consolidated under the name of the latter institution. The negotiations were concluded on Feb. 12 after ratification by the stockholders, following the adoption of the plan by the directors on Feb. 9. The consolidation was arranged on the basis of an exchange of stock in the two institutions, 180 being allowed for that of the Union and Planters and 135 for Mercantile National. To carry out the plan \$400,000 treasury stock was issued by the Union and Planters. The charter of the Mercantile National will

be surrendered. The enlarged bank will have deposits of over \$20,000,000. The capital of the Union and Planters was \$1,400,000 and that of the Mercantile National \$500,000. The business of the consolidated bank is carried on in the building of the Union and Planters Bank and Trust Company which has been enlarged and remodeled for the purpose. The building owned by the Mercantile National (valued at \$250,000) will probably be sold. It is understood that nearly all the employees of the merged Mercantile National Bank will be given positions with the consolidated institution. J. L. Hutton, president of the Mercantile National since its organization in 1913, will direct the affairs of the Mercantile Holding Company, which is a separate institution. The officers of the consolidated bank are:

Frank F. Hill, president; Gilmer Winston, vice-president; Noland Fontaine, vice-president; Robert S. Polk, vice-president and cashier; John D. McDowell, vice-president; Eldridge

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

*Capital & Surplus, \$2,500,000      Resources, \$13,940,000*

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.

CLINTON G. MORGAN, Cashier

JOSEPH W. LEFFLER, Asst. Cash.

WILLIAM R. WEBB, Asst. Cash.

Armistead, assistant cashier; Frank S. Bragg, assistant cashier; J. Ramsey Beauchamp, assistant cashier; W. F. Harper, auditor, and Sam Holloway, attorney and trust officer.

### COW EXHIBIT IN BANK WINDOW

From a Raleigh, North Carolina, paper is taken the following unique story:

"The exhibition of Lady Ursine, a pure bred Jersey family cow, in the Commercial National Bank Saturday proved a unique event and attracted the attention of a large number of people, many coming from out of town for the show. Until well into the afternoon an accurate count was kept of those who called to inspect the exhibit, and ask questions, and during the entire day it is estimated that more than 3,500 people called. Men came from Lillington, in Harnett county. One man came from Spring Hope, in Nash county, and people from all sections of Wake were included in the number of callers."

### FIRST NATIONAL BANK OF CHICAGO

The First National Bank of Chicago and the First Trust and Savings Bank, in their last statement show combined resources of \$308,492,300.23. The first named institution has \$228,239,663.98 of this amount.

### CHICAGO BANKS SHOW DECREASE IN RESOURCES

There was an increase of nearly \$1,000,000 in United States bonds and investments in the ninety-seven Chicago banks on February 7, as compared with November 21 of last year; resources of the banks decreased \$14,428,142. The total amount of United States bonds held was \$33,956,436.

Total resources on February 7 were \$833,887,858, as compared with \$848,416,000 in the last previous statement. Deposits, including due to banks, amounted to \$694,673,116, a decrease of \$6,780,764. Total cash and due from banks amounted to \$166,068,079, a decrease of \$10,803,220. Total capital,

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Surplus, \$2,500,000

Resources, \$50,533,000

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CHARLES L. ALLEN . . . Asst. Cashier  
JAMES R. LEAVELL . . . Asst. Cashier  
C. H. CHASE . . . . . Asst. Cashier  
RICHARD L. KING . . . Asst. Cashier

surplus, contingent and undivided profits showed an increase of \$8,081, the total being \$115,029,322. The per cent. of reserves to deposits, including due to banks, was 23.90.

**B. F. HARRIS UTTERS WHOLESOME TRUTHS**

B. F. Harris, president of the First National Bank, of Champaign, Illinois, in a speech before the Illinois Farmers Institute, said:

This is a war so democratic, so personal, so much your war and my war, that it is impossible for any of us to withhold any suggestion or constructive criticism, such as should be invited and welcomed. We must all insist on plan and organization, and the utilization of the best equipped and most practical men in our army, navy and citizenry, in the prosecution of the war and to put it through in minimum time and cost.

There is an earnest desire on the part of the rank and file of our people to curtail and economize and cut out the so-called non-essentials at every point wherein it seems that they are in competition with the Government in the use of capital, man-power and production which should go to war purposes. The people realize, as at first they

did not, that business cannot be "as usual." But—there are so many conflicting voices and suggestions from various public-spirited citizens, and their own patriotic consciences, and so little that is authoritative from public officials, that the consumer, the manufacturer, the merchant, do not know just where to draw the line. War has an economy all its own—ruthless, instant and inexorable.

We realize that as a matter of general and practical fact there are no "non-essentials," and that there are perhaps ten million people engaged in the manufacture and distribution of what might be called non-essentials, if it were not for the fact that, one way and another, these are a considerable part in the economic life of our people—and in our foreign trade wherein they are exchanged for absolute essentials.

We realize that we cannot break in indiscriminately at any one point without getting a reaction that we could hardly have anticipated, and that in any and all events, production and producers, occupied steadily through not less than eight hours a day—union or non-union, and as many more patriotic hours as war wants—is necessary to furnish the new money and savings from which, alone, this war can be financed. Therefore, we have to handle with great care the goose and her big family that



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lay the golden eggs. While universal prosperity cannot be attained, general prosperity must be the rule.

I do not believe we are getting at this vital and insistent question from the right direction—a question which all want, and which must be solved without delay. It is futile to organize thrift without organizing employment, and every dollar saved or skimmed is not necessarily added to war resources, for some dollars withdrawn harm more than they help.

We know that the Government can't begin to get production as fast as needed, for war purposes in many lines—that it can't spend our Liberty Loan money as fast as it wants or planned, to get the munitions and ships which we so sadly need, yet—we do know that many individuals are getting all or, in proportion, much more of their needs than is the Government.

### MR. OTIS TALKS OPTIMISTICALLY

In an interview after returning to Chicago from the East, Mr. Joseph E. Otis, vice-president of the Central Trust Company of Illinois, gave it as his opin-

ion that general business is taking a turn for the better. He said:

I believe that the inflation which first made itself felt in New York has worked westward and the return of money through trade channels is beginning to be felt. Deposits of western banks generally have shown an increase in the last month and there is an easier feeling and more confident tone. It was bound to come, and while slow, it is here. Business can be called good.

In New York the bankers are cheerful but not optimistic. They are able to meet emergencies and are meeting them. They have felt that Chicago was slow in taking its share of subscriptions to treasury certificates. They have not, however, been willing to take into account the withdrawal of funds from this district and the decreases in deposits. The situation is better understood in Washington.

In these times I feel it is the duty of the banks to take care of proper demands for money, and, in order to do so, to patronize the Federal Reserve Banks. I consider it a patriotic obligation to help business along

**FRANK A. VANDERLIP ONCE WORE OVERALLS** and worked in a machine shop. He is today head of the greatest National Bank in the United States.

**GEORGE F. BAKER**, the silent master of billions started in life as a grocery boy.

**HENRY P. DAVISON**, of J. P. Morgan & Co., when a bank clerk used to ride on a bicycle 10 miles to save carfare.

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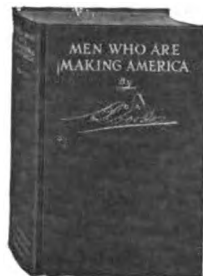
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by using the credit facilities which the reserve banks offer.

#### SUCCESS OF CHICAGO FEDERAL RESERVE BANK

The Federal Reserve Bank of Chicago has admitted to membership 1,040 national and 91 state banks, a total of 1,131, compared with 967 national and two state banks when the bank opened. Michigan leads in state bank membership with a total of 46. Illinois has 26, Iowa 11, Wisconsin five and Indiana three. Out of a total of approximately 5,400 banks in the district 1,195 are private banks, which reduces the total possible membership banks to 3,074. There are 1,889 private banks in the United States, which gives this district nearly two-thirds of the total.

#### ST. LOUIS BANKER'S IMPRESSIONS OF TEXAS

Returning from attendance on group meetings of bankers in Texas recently, J. A. Lewis, vice-president and cashier of the National Bank of Commerce in St. Louis, had the following to say of his trip:

The country is full of soldiers. There are camps at San Antonio, Houston, Waco and three cantonments and two aviation fields at Fort Worth. These men, of course, make the towns scenes of great activity, and business is good. The dry weather, though fine for aviation, has been hard on

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#### BUSINESS CHRONICLE

EDWIN SELVIN, Editor

Alaska Building SEATTLE, U. S. A.

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the farmers in the region extending southwest from Fort Worth and Waco down through San Angelo. The fields are plowed and ready to be planted for their crops of kaffir corn, oats, cotton and alfalfa but nothing has been put in but a little winter wheat. The farmers, however, are not in bad shape, for they have sold about eighty per cent. of their cattle and fifty per cent. of their sheep and the money thus obtained will enable them to do their planting.

One does not ordinarily think of cactus as a fodder for cattle, but the Texans have devised a method of making the prickly pear palatable to the bovine tongue. The pear has the general shape of a mule's ear and carries long, sharp spines. The spines are burnt off by the use of a gasoline blow-torch. When they first started using the blow-torch the cattle would throw up their tails and run, but now when a Texas farmer wants his herd rounded up he merely starts a torch going out behind the ranch house.

The cattle also live on the roots of the Sotol. It is a large plant with leaves like an artichoke and sometimes grows as big as a hog's head. The Mexican herders go



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along and dig and break up the roots of the Sotol. The roots are yellowish-white, slick, shiny, moist and have a sweetish, milky taste.

The goats of that region live up to their reputation for a tin can and paper diet for they manage to thrive on the leaves of the knee oak. This is a scrub-oak; the leaves are dry and brittle and crumble to dust in the hand. The goatherds give the trees a shake and bring down some leaves for the goats, but a grove of knee oaks presents the appearance of a well-groomed park, for the goats standing on their hind legs eat the foliage off to an absolute level.

Texas is really conserving foodstuffs. In the two weeks I was traveling through the state, I ate white bread but twice. The rest of the time I subsisted on "50-50," a war bread made of wheat flour substitutes. Absolutely no meat was served for breakfast and even the little Greek restaurants observed this ruling to the letter.

A notice appeared in "The Commercial and Financial Chronicle," of February 18, stating that Secretary McAdoo had offered financial aid in case the demands on the Federal Reserve District of Dallas became greater than the banks can supply. I think that the banks will be able to take care of the demands occasioned by the planting season, but the situation may become acute when the farmers want to restock their farms.

Texas is our part of the country, and we all feel proud of the courage, energy and practical spirit with which the people of Texas are meeting the difficulties of the drought and at the same time giving thought and energy to national problems. The fine fighting spirit of the Southwest is a permanent asset; the drought a mere passing adversity.

#### NEARLY \$12,000,000 TO FARMERS IN JANUARY

During the month of January \$11,787,517 were paid out to farmers of the United States by the Federal Land Banks on long-time first mortgage loans, according to a statement of the Federal Farm Loan Board. The Federal Land Bank of St. Paul closed loans during the month amounting to \$2,737,100. The other banks made loans as follows: Spokane, \$1,724,755; Berkeley, \$1,143,000; Wichita, \$1,118,800; Houston, \$1,006,522; Omaha, \$970,000; New Orleans, \$778,770; St. Louis, \$636,965; Louisville, \$624,100; Springfield, \$488,360; Columbia, \$298,535, and Baltimore, \$260,600.

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On February 1 the total amount of money paid out to farmers since the establishment of the Federal Land Banks was \$50,782,432, covering 24,020 loans closed. The total amount of loans applied for up to February 1 was \$260,556,981, representing 112,146 applicants.

The grand total of loans closed are divided by Federal Land Bank districts as follows:

St. Paul .....	\$9,760,400
Spokane .....	8,930,075
Wichita .....	8,643,200
Berkeley .....	3,666,600
Omaha .....	3,210,190
Houston .....	3,124,412
New Orleans .....	3,025,255
Louisville .....	2,927,900
St. Louis .....	2,296,480
Baltimore .....	2,114,200
Springfield .....	1,614,665
Columbia .....	1,469,055

## NEW EXCESS PROFITS BOARD

Commissioner of Internal Revenue Roper proposes to establish shortly a board of excess profits review. To this board will be referred all the detailed questions arising under the application of the law. The board will constitute that authority of reference similar to such authority heretofore exercised by the assistant to the commissioner who exercised all the duties in connection with the application of the income tax.

The personnel of the proposed board of excess profits review has not as yet been determined upon, although the commissioner is understood to have some reputable tax authorities in mind. It was recalled that when the question of

drafting general regulations under the excess profits tax law was under consideration, the commissioner decided to draw this committee from various sources. Most of them were loaned to the department by the larger investment banks of the country.

## To-Day's Moneymessage—

### On the March!

Can't you imagine how you'll feel to see the mighty army of money-masters march by when you haven't even made application to join!

They're already on the march, brother, and you'll be in the rear-most rank if you don't enlist now as a private money-saver.

Deposit your dollars at interest and develop a dollarpile!

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# The 1st of May Thrift Stamp Day In The U. S. A.

**The Active Co-operation of Every Reader of  
BANKERS MAGAZINE  
Is Urgently Requested To Make It A Success**

May 1st, 1918, will be observed throughout the United States as Thrift Stamp Day! On that day retail stores everywhere in every line of business will ask customers to take part of their change in Thrift Stamps! It will be patriotic for every man, woman and child to accept at least one Thrift Stamp as change on every purchase made that day—and to make as many purchases as possible on May 1st.

Here is a big, practical way of getting millions of Thrift Stamps into the hands of the people of the United States, and of insuring the success of the Government's War Savings Stamps campaign. Thrift Stamp Day will help everyone. It will prove a tremendous boost to business. On May 1st, 1918, the nation should do the biggest total retail business of any single day in our history! The beneficial habit of Thrift will be sown broadcast among the citizens of the

U. S. A.! Most important of all, Uncle Sam will be furnished with the sinews of War and Victory!

American business must go "over the top" at once in a quick drive to make Thrift Stamp Day an overwhelming success. You wholesalers, you jobbers, you salesmen, must talk Thrift Stamp Day among your trade, arouse the enthusiasm of the retailers, the storekeepers, the clerks behind the counters. Uncle Sam needs your help. A practical plan has been prepared showing how each one of you can "do your bit" to make Thrift Stamp Day a red letter day in American business annals. Write for this plan today without fail. Remember, in helping Uncle Sam you are helping business and helping yourselves. Address Mr. W. Ward Smith, National War Savings Committee, 51 Chambers Street, New York City.



**NATIONAL WAR SAVINGS COMMITTEE**

**51 Chambers Street, New York City**



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## **SOUTHWEST NATIONAL BANK OF COMMERCE**

At the close of business March 4 the Southwest National Bank of Commerce, Kansas City, Mo., reported: Capital, \$1,000,000; surplus, \$1,000,000; undivided profits, \$237,494; deposits, \$30,291,815; total resources, \$33,810,759.

## **MISSOURI BANKERS' ASSOCIATION**

The twenty-eighth annual convention of the Missouri Bankers' Association will be held in Kansas City, May 23 and 24. Convention headquarters will be at the Muehlebach Hotel.

Reservations must be made through the hotel committee, composed of R. C.

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Menefee, vice-president Commerce Trust Company; J. R. Dominick, president Traders National Bank, and C. G. Moore, cashier New England National Bank. The committee asks that reservations be made early.

#### KANSAS CITY FEDERAL RESERVE BANK

The Kansas City Federal Reserve Bank made larger net earnings in comparison with capital stock last year than any other Federal Bank except one. Net earnings of all twelve banks were \$11,202,992, equal to 18.9 per cent. on capital. Earnings of the Kansas City bank were \$684,490, equal to 21.3 per cent. on the capital. The New York bank earned 28.2 per cent. on capital.

Total earnings of all the banks were \$15,438,000; total expenses, \$4,235,000; ratio of expenses to total earnings, 27.4 per cent.; in Kansas City the ratio was 28.4 per cent.

#### MISSOURI BANKERS GO TO OKLAHOMA

Sixteen bankers from Kansas City and four from St. Louis left Kansas City recently in a special car to attend group meetings in Oklahoma held under the auspices of the Oklahoma Bankers' Association. The first meeting was in Hobart, Okla. Group meetings were also held at Ardmore, Enid, Oklahoma City and Bartlesville, respectively. The following bankers from Kansas City were in the party:

J. A. Jackson, Ira Gaskell, J. M.

Hellings, H. L. Larson, E. W. Stilwell, C. B. McCluskey, Charles H. Moore, Harry Warren, C. W. Allendoerfer, W. B. Planck, A. W. Anderson, George G. Moore, R. P. Brewer, Frank Mitchell, J. C. English and R. C. Menefee.

The following went from St. Louis:

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Requests to the Book Department for information are given careful attention. Correspondents, however, are asked to state specifically in just what branch of the subject they are interested and to state as clearly as possible the kind of information which they desire. On request "*Book Talks*" will be sent each month to any address. This gives information about new books for bankers and keeps the reader informed as to the current trend of banking literature.

Besides the services mentioned above the Book Department is ready to fill orders for any book published. This means that we do your book shopping for you. All you need do is name your want. We do the rest.

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Another service in which the Book Department gives particular attention is in assisting the young, ambitious banker to advance himself and improve his chances by systematic study. We especially invite correspondence from young men of this sort, hoping thus to promote in the next generation of bankers a sound conception of the fundamentals of banking as well as a clear understanding of its actual practice.

It is earnestly hoped that those interested will avail themselves of the services which this department offers. To those who are located in New York and to visiting bankers we extend a cordial invitation to call and make use of our library and its facilities.

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**FARM MORTGAGE TRUST COMPANY OF  
TOPEKA**

The Farm Mortgage Company of Topeka, Kansas, is to be succeeded by the Farm Mortgage Trust Company, with a capital of \$500,000. The old company has placed farm loans in Kansas to the amount of \$25,000,000, and the new company is an expansion of the business in that line.

**MINNEAPOLIS BANK CHANGES NAME**

The German-American Bank of Minneapolis, established in 1886, has changed its name to the North American Bank. It has capital and surplus amounting to \$100,000. John A. Gross is president.

**MINNESOTA LAND THAT SHOULD BE USED**

The "Commercial West," the leading financial paper of the Northwest, has this to say on a very important subject:

The State of Minnesota has more than a million acres of land for sale—some of it fitted naturally for duck and muskrat farming, some covered with good timber and much of it destined by the Creator to bring forth bread for man and fodder for beast. Yet none of this land is doing anything more for the support of the human race than it was in the pre-Columbus days when an idle Indian or two roamed over it once a year. This land is marketable at about \$6 an acre. There are farmers in the state without land, who would tackle a \$6 farm, if conditions did not forbid, clean it up and make it food producing. But the land lies idle and the farmers do not buy it; and as matters now stand this condition of things is likely to go on for the next hundred years, unless the State of Minnesota learns how to sell land.

Does anybody know how to get hold of state land in Minnesota? If he does he is one of the wise ones. Does the state take any pains to wise up the landless population? Does it lay its goods before them so as to tempt them to buy? Does it make it possible to buy with the least trouble and expense? Does the state really want to sell its land? If you mean by the state the officials in charge of state lands, one would naturally say no. The thing apparent to anyone who cares to investigate the matter

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Write us to-day that you want to make a test of the Bauder System and we will send you an outfit, by prepaid express, to try at our expense for thirty days. After two hours of study with the instruction chart, your teller will find the directions for use so simple that he will be ready to make, read and compare any and all finger prints so satisfactorily that he can without doubt, hesitation or mistake safely pay out money at any time to the right party. If, at the end of thirty days, you are not satisfied, send the outfit back to us, express collect.

We are looking for A-1 men to represent us and will thank you to put us in touch with any good man you can highly recommend.

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is that the state makes no serious attempt to get customer and goods together. It is as though the storekeeper waived his customer toward the warehouse and said: "Yes, we have the goods piled up out there somewhere; if you want anything, go and dig it out, bring it to me and next summer we will put it up at auction and you will have the privilege of bidding on it." For this is exactly what the State Land Office does to the farmer looking for land. You may look at the map. You can get no information worth anything except what the map shows you. You may go up into the wilderness and pick out your tract, come back and pull out your pocketbook, but you are not allowed to buy till the next annual or semi-annual auction. With such methods of selling goods, it is not to be wondered at that state land lies year after year with no one even inquiring after its health.

## TRADE ACCEPTANCES AND THE COUNTRY BANKER

George Woodruff, president of the First National Bank of Joliet, Illinois, in a speech before the Trade Acceptance Council of Buffalo, N. Y., said: In addition to the fact that country bank-

ers must aim to keep local credits in sound condition in order that their respective communities may avoid unnecessary losses, they must also remember that the United States is fighting a great war during which it will be necessary to greatly increase the issues of Federal Reserve notes in order to assist the financing of the conflict. We all know that back of our Federal Reserve notes is held gold and commercial paper and that as the note issues increase, the proportion of gold becomes smaller and the proportion of commercial paper becomes larger and it would seem to be the duty of every banker to help bring about the strongest possible credit condition in our country and at the same time aid in improving the sound character of our circulating medium by helping to create two-name, self-liquidating trade paper to be substituted for the single name, so-called "commercial paper" now held back of our Federal Reserve notes.

## ACTING CHIEF NATIONAL BANK EXAMINER

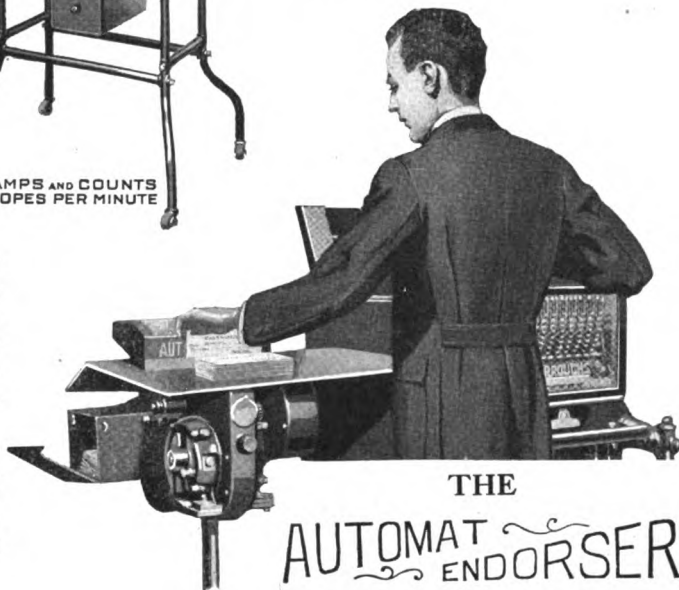
The Comptroller of the Currency has announced the appointment of National Bank Examiner Walter E. Wilcox as acting chief national bank examiner for



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the Twelfth Federal Reserve District, with headquarters at San Francisco, succeeding former Chief Examiner Claud Gatch, recently resigned.

Acting Chief Examiner Wilcox was commissioned as a National Bank Examiner on January 30, 1911, having previously been Cashier of a national bank in Kansas. He was first assigned to a district in that state, but shortly there-

after was designated as examiner-at-large to undertake special work.

For some time past Examiner Wilcox has had charge of the Los Angeles, Cal., territory.

#### WASHINGTON BANKERS' CONVENTION

The twenty-third annual convention of the Washington Bankers' Association will be held at Yakima, June 14 and 15.

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**ROYAL BANK OF CANADA ABSORBS  
NORTHERN CROWN**

The Northern Crown Bank, whose head office is at Winnipeg, will be merged with the Royal Bank of Canada. It is reported that the price paid for the stock of the absorbed bank is about \$200 per share and that payment

will be made partly in cash and partly in stock of the Royal Bank.

The Royal Bank has a capital of \$25,000,000, of which \$12,911,700 is subscribed and paid up, a reserve of \$13,417,700 and undivided profits of \$852,346.

The capitalization of the Northern

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**Supplement for 1918**

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**I**N this book the distinguished author of *Paine's National Banking Laws* and *Paine's New York Banking Laws*, completely analyzes the Federal Reserve Act and records chronologically the various rulings and interpretations which have affected it since its enactment. The book is the standard treatise on the development and operation of this exceptionally important statute. Finished analyses of the Bill of Lading Act and the Farm Loan Act are also incorporated.

The SUPPLEMENT just published contains the laws enacted by the National and New York Legislatures, the new Federal Reserve Regulations, etc., adopted in the year 1917.

Crown Bank authorized is \$6,000,000 with \$1,431,200 subscribed and \$1,428,797 paid up. The par value of the shares is \$100. The shares paid dividends at the rate of five per cent. in 1917. The reserve fund is \$715,600.

This is the second absorption recently made by the Royal Bank, the Quebec Bank having been taken over on January 1, 1917.

#### CANADIAN SAVINGS BANK INCREASE

The Canadian reports show that in July, 1914, about the time the war began, savings deposits in the Dominion amounted to \$663,650,000, and that on January 1, 1918, the total approximated \$1,000,000,000, an increase of about 50 per cent. The growth of savings deposits is ascribed to the fact that working people have been receiving much higher wages and have been able to increase their weekly or monthly savings. Moreover it is reported that despite the higher rate of interest paid by Government war loans a great many wage-

earners have preferred to retain their money with the banks rather than withdraw the same for investment in bonds.

\* \* \*

#### WHO DELIVERED IT?

Owing to war conditions mail service with Greece has of late been exceptionally poor and irregular. Because of this one of the officers in a Boston bank was recently approached by a clean, energetic young Greek, who explained that he was a fruit vendor and wanted to send his wife in Greece some money with which she might come to Boston and join him. He said that he had been looking for a letter from her for some months, but owing to the poor mail service had not received one, and was afraid to send a check to her by mail. So he wanted to cable the money, and added that he wanted a kiss sent. The officer tried to tell him that this would not be just the right thing to do, but he insisted that she would be as pleased with the kiss as with the money. So the kiss was cabled along with the money.



### Business Conditions in Russia

THE Russian farmer is back at work on the land and living on his own produce, reports Charles L. Preston, a prominent New England shoe and leather man who has just returned from a trip to Vladivostok on a special mission for the Bureau of Foreign and Domestic Commerce, Department of Commerce. So far as food is concerned he is not badly off, but he is putting very little on the market. He barter for the little he needs in the way of manufactured goods, but will not accept money for his produce. He refuses to worry about the fluctuations in the value of the ruble.

Mr. Preston, who has spent many years in Russia, went to Russia on this occasion in behalf of the Government to find out what could be done to facilitate the shipment of hides and skins to

the United States, but found little encouragement for the near future. Farmers are not allowed to kill calves for a period of three years and only small quantities of other hides and skins are being bartered by the raisers. Old stocks are held in interior warehouses and by speculators, but there are no important supplies of hides and skins in or near Vladivostok.

The business stagnation in Russia, explains Mr. Preston, is due in part to the depreciation of the ruble and to restrictions on the banks. Transfer of money by banks from one city to another is forbidden, and depositors are not allowed to draw more than 250 rubles at a time. In ordinary times 250 rubles is equal to a trifle more than \$125, but is worth a great deal less now.





**CHARLES M. SCHWAB**

**The New Director-General of the Emergency Fleet  
Corporation**

Mr. Schwab is Chairman of the Board of the Bethlehem Steel Corporation and one of the acknowledged leaders of American industry. His experience in shipbuilding will be found highly serviceable in his new post, which pays him a salary of one dollar a year. Mr. Schwab especially disclaims being a genius and attributes whatever success he may have achieved to hard work.

# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, Editor

SEVENTY-SECOND YEAR

MAY 1918

VOLUME XCVI, NO. 5

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## The Menace to the Liberty of All the American Nations

**G**ERMANY'S frantic and thus far fruitless effort to break through on the western front has served to emphasize the danger to every nation on the Western Hemisphere which lies in the possible triumph of the brutal military autocracy now seeking to impose its degraded and hideous power upon the whole world. As so competent an observer as Viscount Bryce has recently declared, this menace applies to the countries of South America as well as to those of the northern part of this hemisphere. Is this menace real? Let us see.

Through the collapse of Russia both Germany and Austria have been able to increase their fighting forces on the western front to an extent that makes them far more powerful than they were before. The strength which they showed at the beginning of their recent onslaught caused many to fear that they might break through. With thankfulness that this result has not yet been reached, and confident hope that it will not be, it is yet the part of wisdom to consider the danger which its accomplishment would have involved—a danger not yet wholly past.

If the defeat of Russia has so strengthened the Teutonic forces that they may be powerful enough to drive a wedge between the British and French armies, and finally to overwhelm the latter and thus compel France to make a separate peace—and France of course will never make peace except under the direst compulsion—what would be the next step of the Germans? With France out of the way, Italy might not long be able to keep up an effectual resistance. There remains the British army and the determined spirit of the British people. But with practically all their other European allies beaten, could the British fail in the long run to fall victims to the oncoming Teutonic forces? Is it not rather apparent that ultimately

the brave soldiers of the British Empire would have to acknowledge themselves beaten? If with the assistance of France and Italy they have of late only been able to maintain a stubborn and gallant defense, would they not be liable to defeat should this support be taken away from them in the manner above indicated?

What would be the first terms in the peace that Germany would then impose upon Great Britain?

What is to-day the greatest obstacle that prevents the brutalizing of the world by the German military autocracy?

Unquestionably it is the British navy, and the first thing that Germany would do, had it the power, would be to demand the dismantling of the British fleet or its complete surrender.

The work of subjugating America would then be so easy that we should have to make whatever peace terms we could, with no assurance whatever that any terms we might offer, however abject, would be accepted by the haughty and brutal conqueror bent upon administering the severest punishment to a nation that had shown the hardihood to oppose its unholy aggressions. Not only should we lose our independence, but a fate worse than that of Belgium would be ours.

And not ours alone. If in the United States the statues of George Washington and of Abraham Lincoln would be supplanted by those of Von Tirpitz and the "Beast of Berlin," a like fate would befall those of Hidalgo and Juarez, of Bolivar and San Martin.

In short, every nation on the Western Hemisphere, that has won independence from comparatively benevolent tyrants and despots of Europe, would fall under the yoke of the bloodiest and foulest despotism that has ever stained the pages of human history.

Is this a fanciful supposition, or the hysterical cry of an alarmist?

Read the military dispatches of the last days of March and the first days of April (God grant that they may be of a more reassuring character when these words are printed) and see how near we have been to a realization of some of the conditions just pictured.

Earnestly do we hope, fervently do we pray, that our own gallant army—small at the beginning, but growing in numbers every day—may soon be on the field in large enough force to give to our brave brothers of France, of Italy and of the British Empire that additional strength which they need completely to check and turn back and utterly annihilate the forces of devastation and ruin.

This is the task to which the United States and every nation on this hemisphere must from now on resolutely dedicate themselves—to take that action which will, as speedily and effectually as may be, make the brutalization of this part of the earth by the Teutonic barbarians forever impossible.

## Assertion of America's Rights

A clear, unblemished character comprehends not only the integrity that will not offer, but the spirit that will not submit to an injury; and whether it belongs to an individual or to a community it is the foundation of peace, of independence, and of safety.  
—The Letters of Junius.

**W**HAT would have been the future position of the United States of America among the nations of the world had we submitted to the long series of outrages perpetrated against us by the military autocracy at Berlin?

Inevitably we should have fallen to a position where any nation could offer us any injury whatsoever, knowing that we lacked the spirit to resist it.

Such a position America did not take. The country was slow to anger, but it is awake now, as the marshalling troops on the field of battle prove beyond question.

But we must not lose sight of the fact that for us there is no drawing back until those who have violated our national rights receive the punishment which we set out to administer.

We shall accept no treaties with the men and system guilty of the atrocities which compelled us to draw the sword.

Guaranties for the future can not be given by those who have repeatedly violated their past promises.

And the individuals guilty of the heinous wrongs against civilization can not be left where they will have any chance whatever of repeating this awful world tragedy.

To reassert our violated rights as a nation, these things must be accomplished, whatever the time required and whatever the cost.



## Is Labor's Democracy Coming?

**O**NE of the significant movements of the times was recently inaugurated by the Standard Oil Company of New Jersey.

It consists of a plan whereby the employees of that organization are hereafter to have a direct voice in its affairs so far as they relate to the conditions of labor. This probably does not mean that the employees are to hold a mass meeting to decide as to their environments, hours of labor and wages. But it doubtless does mean that hereafter the corporation in question will not autocratically decide these matters out of hand without hearing the opinions of their employees and giving due regard to them.

It is a hopeful sign. That such an expedient will at once and forever solve what is called the labor problem, no one need expect.

But it should help in removing grounds for distrust between labor and capital by giving to each side the viewpoint and situation of the other.

In any arrangement, industry must have a directing power, and this power must be concentrated. But the source of this power may be derived from the numerous employees rather than from a single owner or from the comparatively limited number of shareholders of a corporation. Yet, if such a change should result in selection of an unwise management, the outcome would spell disaster to the workmen themselves. To succeed in business it is essential to command business skill—a faculty which is by no means universal or indeed very common. The question is, could a large body of workmen be safely entrusted with the selection of those who are to manage the affairs of industry, and also virtually to exercise a controlling voice in the distribution of profits?

Five years ago this would have been dismissed as “a purely academic question.” It can not be so readily disposed of now, for nothing is surer than that labor is going to demand a larger share of the gains of industry and a greater voice in its direction. It seems reasonably sure that such demand can not be resisted. In fact, the action of the Standard Oil Company of New Jersey would seem to anticipate this demand by making voluntary concessions to it.

If this great problem is worked out with patience and in good will, we shall preserve what is worthy in our present system while at the same time so liberalizing our industrial economy as to avoid the costly struggles which in the past have been all too frequent.



## The Rightful Function of Criticism

**Q**UITE naturally, in these times, great impatience is felt with those who criticise the policies of the Government. Those charged with the administration of affairs at Washington are struggling with what is probably the gravest military problem of modern times—to transport, under conditions of extreme difficulty and danger and across 8,000 miles of ocean, an army large enough to oppose effectual resistance to one of the greatest military forces ever assembled on the face of the earth. That is an immense undertaking, to be accomplished, if at all, only by the undivided loyalty of all the people of the country, and by a spirit of coöperation which completely merges all considerations into this one object—to finish the task we have begun.

In carrying out this vast undertaking, the work must be en-

trusted to many agents, all of them human and with that lack of prescience which appertains to all mortals. They are compelled to work hurriedly, and that they should make some mistakes is the most natural thing in the world. Unskilled as we were as a nation in recent large-scale military operations, or even in preparation for them, how could it have been otherwise? Where were the precedents and the experience infallibly to lead to the most effectual action in every case? They simply did not exist. They had to be evolved, and in that evolution some mistakes were bound to occur, but under all the circumstances is it not a marvel that the activities of the nation have been so suddenly transformed from peace to war with so few serious errors?

At the beginning we had no army. We have one now, brought from the ranks of peace and trained in a year's time.

We all realize that this army should have been ready sooner. That it was not may be ascribed to lack of concern on the part of the people of the country. They did not insist strongly enough, at the very outbreak of the war, that we should at once call and train an army for whatever service the emergency might require. We gain nothing in the present by dwelling on this fact, though it may instruct us for the future. The thing to do now is to do the very best we can under the circumstances, and to the extent possible by intensity of present and future efforts to make up for lost time.

Are we doing this? If not, is he not really a patriot who truthfully points out where we are lagging? If the shipbuilding programme, and the aircraft programme, and the artillery construction programme are behindhand for reasons that can be remedied, why should not these facts be pointed out and the remedy applied? Surely he can not be regarded as an enemy of his country who honestly does everything he can to speed up the work of defense.

Constructive criticism—based upon truth—and showing clearly how deficiencies may be cured is of positive benefit to the country.

But that other kind of criticism, which is painfully common, merely put forth to air a grievance, to exhibit fancied personal superiority of wisdom, or above all to make political capital, may well be dispensed with in these times.

If anybody has a practical suggestion that will help win the war, it should be promptly submitted to the Council of National Defense for expert consideration. If anybody thinks he sees where an improvement can be made in present military methods, let him bring the matter to the attention of the proper authorities.

Before indulging in any criticism of the Government in these trying days, put your words to this test: Will they help win the war? If not, it would be both more prudent and patriotic to hold your tongue.

## Gradual Readjustment of the Country's Financial Mechanism

**T**HE recent announcement of the formation in New York of two large discount houses calls attention to the changes gradually taking place in the country's financial mechanism. War has made enormous demands on investment capital and liquid credit. To meet the first of these, the War Finance Corporation has been created. To meet the second, there are the Federal Reserve Banks, which are now being supplemented by the discount houses above mentioned.

Several years ago, this MAGAZINE sought to make an enumeration of the kind of banks and financial organizations that would be required to meet the demands of the future. This intellectual exercise was indulged in when there were no war clouds on the horizon, nevertheless it comprehended many things that have since been done and others that will be.

It was pointed out that we needed a reserve bank, a bank for foreign trade, an investment bank, and an agricultural bank—all of which we now have. Railway and industrial banks, then suggested, have not yet materialized, though they may do so. The pride which one feels in making a prophecy that is soon fulfilled may be foregone in this instance, because it required no clairvoyant powers to discern that our financial mechanism needed all these and perhaps other additions unless it was to break down completely.

That the great banks of New York see the necessity of organizing discount houses would seem to indicate two things: first, that closer coöperation between the banks is needed, and second, that even the large powers of the Federal Reserve System may not be sufficient to supply the present extraordinary demands for credit.

With the normal business of the country proceeding at top speed, and with the enormous demands on the banks which the war industries entail, added to the call for banking funds to subscribe for certificates of indebtedness and to buy Liberty Bonds, the banks find themselves bound to resort to every safe and legitimate expedient for enlarging their credit facilities. A stoppage of credit in ordinary times is a most serious matter, but in the present circumstances its consequences would be so grave that they must be avoided at all costs.

In Great Britain the discount company has been for many years a familiar institution. It seems to be a sort of go-between for its customers, whereby through a somewhat circuitous route they are enabled to dip into the seemingly inexhaustible credit resources of the Bank of England. Doubtless the discount companies here will find access to the Federal Reserve fountain of credit in much the

same way, in effect making that great resource available to many to whom it is now denied.

The discount company is a tried piece of financial mechanism whose worth and safety have been established. Under proper management such institutions should repeat in this country the successful record they have made in England.



## Savings Banks and the Federal Reserve System

**U**NDER present conditions of the security markets it may become desirable that the savings banks of the country should have direct access to the Federal Reserve Banks. Even in ordinary times such connection would probably prove of advantage.

From the number and size of their accounts and from the character of their depositors, savings banks are peculiarly liable to large and sudden withdrawals. Their preparation for meeting these demands are never of the best, and not infrequently they find themselves under the necessity of applying the rule which permits them to require sixty days' notice of withdrawals.

Savings banks rarely keep large amounts of cash on hand, for this is unnecessary. When withdrawals are running heavier than usual, they can stop investing for a time or they can call in any deposits they may have in other banks, or they can borrow of other banks, putting up the bonds they own as collateral, or of course they may sell their securities and obtain funds in that way.

It usually happens that when heavy withdrawals from the savings banks become general, that is precisely the time when it is not easy to borrow from the other banks, and when it is extremely difficult to sell even the best of securities except at a great sacrifice, and sometimes not even then.

To remedy this situation in which the savings banks have found themselves more than once in the past and which they are likely to experience again, it has been proposed to give to savings banks access to the rediscounting facilities of the Federal Reserve System. Where savings banks have capital stock they may become subscribers to the stock of the Federal Reserve Banks, and thus gain the privilege in question, but mutual savings banks having no capital stock can not do this. It has been suggested, however, that the mutual savings banks be allowed to employ a portion of their deposits in buying commercial paper of a character eligible for redis-

count at the Federal Reserve Banks. Having this paper in hand, they would be better prepared than now to meet sudden and large demands from their depositors. There seems no doubt of the correctness of this view.

Some states already permit their savings banks to make purchases of paper of this character, though in New York the mutual savings banks invest only in bonds and mortgages. To grant to savings banks the right to buy commercial paper would no doubt render the assets of such institutions more liquid than they now are, and this seems desirable under present conditions. Moreover, it would possess whatever advantage belongs to a diversification of the character of assets. That it would somewhat change the old ideals of the savings bank is also true. But taking the times as they are, would not this change be for the better?



## Taxation of National Bank Shares

**A**TTACHED to the new bond bill was an amendment which refers to the method of taxing the shares of national banking associations. Although it has been the apparent legislative policy of the United States to exempt its obligations from state and local taxes, many of the states in taxing the shares of banks have disregarded this intention and have imposed a tax on such shares without deducting the amount invested in United States bonds. This policy has received the sanction of the courts, on the ground that the tax was virtually on the franchise of the banks, and that they therefore could make no claim for a deduction on account of their investments in United States securities.

Referring to this matter in his Annual Report for 1917, the Comptroller of the Currency said:

“In certain states, where the shareholders of national banks are subjected to the full rate of taxation, even though their entire capital may be invested in Government bonds, the state banks are allowed to deduct from their taxable assets investments which they may have made in certain state securities. This provision seems to be hardly fair to national bank stockholders.”

The Comptroller therefore recommended that in determining the value of the shares of national banks for the purpose of taxation by state authorities the par value of any bonds or other obligations of the United States Government owned by a national bank shall be deducted from its assets. It was pointed out, also, by the Comp-

troller that the passage of such an amendment would greatly increase the desirability of United States bonds as investments for national banks.

An amendment carrying out these suggestions has been adopted, as follows:

"In determining the value of the shares of any national bank, state bank, trust company, or other banking institution, for the purpose of taxation by any state or any of the possessions of the United States or any local taxing authority, there shall be deducted an amount equal to the same proportion of the value of the shares as the par amount of any bonds or other interest-bearing obligations of the United States issued during the present war, owned by such bank or trust company, or banking institution, bears to its gross accounts."

Doubtless a strong motive in changing the law, as above noted, was to enhance the attractiveness of United States bonds as investments for national banks, although on equitable grounds the banks were fairly entitled to such relief.

From an economic standpoint it would be better if the Government bonds could be absorbed as largely as possible by private investors rather than by the commercial banks. Of course the savings banks and trust companies should purchase and hold as large amounts as possible of the Government's obligations, for they can find no better type of investments. The reason why the commercial banks should buy them less freely is because they will need their funds to lend to manufacturing, commercial and agricultural interests which must be kept going. Nevertheless, considerable purchases of United States bonds will be made by the national banks, and it is fortunate that the law has been so amended as to stimulate these purchases.



**G***REATNESS does not consist in never  
falling, but in rising every time you fall*

—CONFUCIUS.

## AN AMERICAN CREED



BELIEVE in the United States of America as a Government of the people, by the people, for the people; whose just powers are derived from the consent of the governed; a democracy in a republic; a sovereign nation of many sovereign states; a perfect union, one and inseparable; established upon those principles of freedom, equality, justice and humanity for which American patriots sacrificed their lives and fortunes.

I therefore believe it is my duty to my country to love it, to support its constitution, to obey its laws, to respect its flag and to defend it against all its enemies.

WILLIAM TYLER PAGE

# Trade Acceptances—How They Benefit the Bank

By PARK MATHEWSON, Business Finance Counsel of the  
Business Bourse

**S**OUNDNESS would, if you could state it in a word, be the banker's Bible.

Is the bank sound, is the paper sound, is the risk or the customer sound? These are the points that come first to the careful banker's mind.

Therefore, the first thing we have to consider as to whether trade acceptances are advantageous to the banker or not is, are they a sound class of paper?

## SOUNDNESS

It is believed that all careful and progressive bankers wish to improve the quality of the paper they carry. Accepting the statement of the Federal Reserve Board in defining trade acceptances, they are as sound (if not more sound) as any commercial paper at present in existence, and are further selected because of this quality, to benefit under a differential rate, now one-half of one per cent., over the rate accorded to the average commercial paper for rediscount by the Federal Reserve Banks.

The board's handling of the matter was so clear that I quote from the definition of the trade acceptance given in the circular of July 15, 1915, by the Federal Reserve Board in its first ruling on the trade acceptance, when that old credit instrument, under a new name, was launched. Here are the board's words:

*Bills of exchange drawn against sales of goods and accepted by purchasers, herein after referred to as "trade acceptances."*

The attached regulation is to deal with "trade acceptances" as a distinct class of

commercial paper, for which the board is ready to approve the establishment of a discount rate somewhat lower than that applicable to other commercial paper.

In promulgating it the board expresses the belief that it will considerably enlarge the scope of service of Federal Reserve Banks and, incidentally, assist in developing a class of "double-name" paper, which has shown itself in so many countries a desirable form of investment and an important factor in modern commercial banking systems.

And this definition:

In this regulation the term "trade acceptance" is defined as a bill of exchange of the character hereinafter described, drawn to order, having a definite maturity and payable in dollars in the United States, the obligation to pay which has been accepted by an acknowledgment, written or stamped, and signed across the face of the instrument by the company, firm or corporation, or person upon whom it is drawn; such agreement to be to the effect that the acceptor will pay at maturity, according to its tenor, such draft or bill, without qualifying conditions.

Variations in this definition, and favorable comments by bankers from coast to coast could be quoted, but the definition itself is so simple and convincing that it seems only necessary to read it over to grasp the scope and advantages of the trade acceptance.

As an important element of the soundness of a bank is the soundness of its outstanding loans and discounts, the trade acceptance will be beneficial to the bankers if it proves to be not only a sound but a liquid asset.

An indication of the soundness and liquidity of trade acceptances is that they command the same consideration and rate of discount as the paper endorsed by member banks and secured

with Liberty Loan or other Government bonds.

As the bank's soundness also depends largely upon the soundness and the liquidity of its assets in time of stress and need, it will be well to consider whether a trade acceptance fully supplies this requisite.

It is obvious that a "sound" condition presupposes one of the highest liquidity and availability "in a pinch." Therefore, both aspects should be carefully considered.

#### LIQUIDITY OF TRADE ACCEPTANCES

From the availability they command for rediscount with the Federal Reserve Bank, from 50 per cent. to 100 per cent., according to the law and ruling, they seem to form an almost perfect secondary reserve as to soundness and liquidity.

Again, the soundness of trade acceptances for member banks is recognized by the Federal Reserve Act in its exemption of this class of paper in loans under Section 5,200 of the National Bank Act and Section 13 of the Federal Reserve Act, where the trade acceptances are from various acceptors. Where the diversification is sufficient the principle is recognized of the practically negative contingent liability of the drawer.

Of course, the bank has the same backing as it would on the borrower's single-name notes, but does not have to look to the borrower for payment, but to numerous individuals, probably in greatly diversified localities and sometimes widely-varying trades, which helps prompt payment.

We have it on the authority of no less a person than the Deputy Governor of one of the biggest Federal Reserve Banks, that the banks should carefully consider these features of their paper, for he says:

The average small bank, and even large ones, located in the interior are not in many cases as liquid as they really ought to be. They carry too many slow loans and there appears to be a lack of appreciation of the value of accumulating larger quantities of self-liquidating paper. The practice of re-

peatedly renewing loans has caused unfavorable comments.

As one of the essentials of the trade acceptance is that it is not subject to nor made with the expectation of extension, as is very often the case with notes, it would apparently be an ideal paper to meet the criticism as above. As it is to be liquidated on a fixed date and must represent goods put in the hands of the acceptor, presumably to liquidate the trade acceptance, it commends itself as a very logical and practical form of paper for this purpose, and probably increases considerably the availability of the assets of the bank.

It has been suggested that in some trades, such as the jewelry trade, whose average capital turnover is, possibly, only once every twelve months, that if trade acceptances were taken on their sales with reasonable terms they would make the company's finances much more liquid, which, in turn, might enable them to meet their bank obligations more promptly and possibly allow them in time to turn some of their fixed financing into loans and discounts with the banks, to the advantage of all.

In these times of expanding loans it will stand the banker as well as the borrower in good stead if such borrower can offer a good supply of trade acceptances to the bank, which can promptly rediscount them at the Federal Reserve Bank.

Some bankers have found it expedient to hold in reserve their trade acceptances until after they have rediscounted all their other less available paper, as the trade acceptances have proved the "cream" of the commercial paper for a secondary reserve, proving to be the most readily available at times when money is tight and greater scrutiny is exercised in granting loans and discounts.

In fact, the banker can scarcely carry in his portfolio anything more liquid than carefully contracted trade acceptances.

#### SAFEGUARDS

No safeguards, probably, could be more important to the banker than be-

ing able to measure his risks more accurately.

The trade acceptance, on its face, or by checking up its acceptor, furnishes concrete evidence to the bank as to whether borrowers are dealing with sound customers and on a sound and safe basis of credit. This can hardly be said of the average note based on general open book accounts, the details of which are only generally, if at all, known to the lending banks, in which case the banker can only use his "judgment" or "guess" as to the security.

This analysis by a banker of the borrower's credit risks is a great safeguard to the borrower, as it has been my advice to all with whom I have come in contact, that the more intimately they could bring before their bankers the detail of their credits, the more benefits in the way of the valuable judgment thereon they could get from the banker. If they wish to have their credit kept up to the highest point, there is no other man who can give them broader information, on account of his coming in contact with the credit of so many firms, than their banker, and it has usually been my experience that where a banker is properly consulted along these lines, he is very generous in giving his time and valuable advice to his customers, to their great benefit as well as his own. The trade acceptance would furnish a simple basis of discussion to accomplish this result.

Even where the banker cannot trace the responsibility of the acceptor, if the trade acceptances are sufficiently diversified, as to locality of the acceptor, and are of reasonable amounts, proportionate to the business of the maker, who is one in whom the banker can repose confidence, the banker stands comparatively little chance of loss.

As illustrating this contention, the following instance was cited by a western banker at a late convention:

His bank took considerable two-name paper, from one of their borrowers, which was payable by the borrower's customers, who were located all over the country (similar to trade acceptances), and although the borrower from

the bank failed and paid less than twenty cents on the dollar, the bank collected the paper from the payers practically in full, and therefore lost nothing, while other creditors lost over eighty cents on each dollar they had invested, or loaned, with the borrower.

Again in contradistinction a safeguard may be thrown around the paper when the banker finds that certain of the trade acceptances of acceptors of a borrower are not being paid. He may then consult with his customer and advise him whether such credit is unwarranted, as indicated by the weakness of the acceptor. If the customer continues to take trade acceptances from the same people, it will be a very clear pointer to the banker that he wants to scrutinize very carefully all the paper and loans of such customer. In fact, one instance is quoted where a bank found, through this indicator, that a customer was not only using poor paper, but forged paper, and the bank was enabled to act promptly in its defense.

Probably an automatic safeguard of great value in trade acceptances is that they cannot be based upon the exigency or need of a borrower, but only upon a legitimate, consummated business transaction with his customers, who agree to pay the obligation at a fixed date and presumably from proceeds of goods put in their hands with which to enable them to do so.

Of course, a strong safeguard is that of cleaner paper, which would inevitably follow under the general use of the acceptances, as such paper has no mixed security such as is almost always the case with notes, neither can acceptances be used for borrowing or for paying old accounts. The Federal Reserve Board has carefully defined the limit in the time of drawing acceptances which are eligible for rediscount, to one covering a current transaction in which the goods or the proceeds thereof are presumably still in the hands of the buyer, with which to liquidate the acceptance.

A safeguard thrown around the purchase of paper in the open market,

where such purchase is desirable for banks with surplus funds, is furnished by the trade acceptance, which can evidently be much more intelligently handled than other commercial paper, as the trade acceptance bears on its face all the details of its origin, or the same can be readily traced.

The banker is not only benefited but safeguarded when his customer gets trade acceptances from the buyers, thus eliminating the manufacturer or jobber from the duty of acting as banker to his customer, which duty he is not usually trained to fulfill.

A safeguard from an unscrupulous customer will be furnished the banker when he is enabled carefully to scrutinize the acceptances which he buys from the customer, and which he can judge more accurately than the security afforded by the open accounts of the customer, which, if a customer wishes to mislead the banker, he can say all are A No. 1; whereas, in fact, they may be old or disputed accounts, which the trade acceptance could not cover.

Information that the banker can get accurately as to the location and the size of the buyer whom the borrower is relying upon to liquidate his indebtedness to the bank, is a safeguard backed up by the fact that the buyer is willing to sign his name, that he will pay his merchandise account on a certain day at a certain bank or place and presumably will be apt to keep faith in this promise, rather than have the acceptance returned through the banks "unpaid." This should be far safer to the banker, as well as to the borrower, than the careless, shiftless, "pay-as-you-please" habit engendered under the old open account credit plan.

It is surely the proper function and duty of the banker to assume the leadership in any plans for greater efficiency and safety in the financial affairs and operations of the nation, as no one realizes as he does that in finance, whether it is on a large or small scale, that "the best is none too good."

#### OBJECTIONS RAISED BY BANKERS

As on all questions there are apt to be varying opinions and often two sides,

so there are objections that have been raised by bankers against the trade acceptance, and the following are some of the typical ones, together with the possible answers or solutions:

One is that the trade acceptances held by a borrower might be sold after the borrower had made a statement listing them, thus reducing the value of such statement, made for the purpose of other borrowing.

It is evidently true that any statement, showing open accounts as well as acceptances, would without doubt change the next day after its making, either for the better or for the worse. In such case, where large loans are made to those whom the banker does not wish to accommodate without the exact details of a statement, the statement can be as of the date or the approximate date that the loan was made, as may be desired.

In fact, it is probably true that, except where dishonest methods are to be used, there is no harm whatever in the borrower selling his trade acceptances, if it is done openly, and as it must naturally show on the books as acceptances receivable discounted or eliminated from the assets, and it is probably true that, where acceptances are sold at a good price, the cash thus furnished would naturally be supposed to be used to pay the debts and improve the general condition of the borrower.

On the contrary, it is often the fact that where accounts are hypothecated they are handled in such a way that this does not show plainly on the books or to those owning the account, and therefore the showing is not clear, and as usually only a percentage of the money is gotten and a higher rate is paid, it cannot be considered as a beneficial practice as might be the selling of the trade acceptance.

Another point taken is that some small banks and some large ones object to the trade acceptance on the ground that they are satisfied with the business they do on single-name paper with their customers.

Single-name paper for its legitimate uses is in no way interfered with by

trade acceptances, and it is possible that the banks might find that the discount or purchase of legitimate trade acceptances would not decrease their volume of business with the borrower nor the profit therefrom, but would very probably increase their legitimate line of business with their customers.

Some bankers who have not studied the subject claim that the trade acceptance movement cannot amount to much, or be considered "sound banking" or the bankers as a whole would have gotten behind the movement, more hesitantly than they "appear to have done."

This question is one that the banker should ask and answer himself.

The records are plain as to the attitude of the Federal Reserve Board and Federal Reserve Banks and the leading bankers in all parts of the country as evidenced in rulings, activities, speeches, letters and pamphlets. If the leading bankers at this time are not unanimously in favor of the acceptance, the opposition is at least insignificant.

On the other hand, it is found from a careful investigation of the subject among hundreds of users all over the country, that while many bankers have handled the matter in an efficient manner, others have not done so.

If you have not been "behind the movement" it is for you to ask yourself "why?"

A common objection to the use of trade acceptances is that their general employment would entail a great deal of extra clerical work in banks.

It is probable that as their use becomes general there will result some added clerical work in handling them, especially if an acceptance is executed for every transaction. However, it is becoming more common for the maker of acceptances, where a number of smaller transactions occur during the month, to send the trade acceptance for the amount of the statement, the first of the following month, instead of with each invoice. In this way this acceptance would only be one item and practically offset the check which would be

sent by the buyer in payment of the statement in the usual course of business.

It probably would be found to be the case very frequently that the acceptance would merely take the place of the voucher or check usually drawn by the buyer in settlement, and therefore it might result that the number of acceptances handled through the bank would not increase the number of papers to an appreciable degree. The gain in efficiency would surely greatly exceed this extra clerical labor.

In France, where the acceptance has reached great efficiency and has come into general use, the Paris office of the Credit Lyonnais employs over 650 girls in handling acceptance items, collected all over France by the bank's rural branches. It appears that this same work could be handled more simply in the United States by the member banks and the Reserve Banks in their various centres. What the banker in other countries performs without a murmur, in fact is apparently anxious to do, it is believed the bankers here will not shun.

It is probable that the majority of the objections occasionally heard from the bankers would no longer exist if they studied the trade acceptance problem as thoroughly as they have that of the other details of banking. No less an authority than one of the heads of a Reserve Bank has stated lately:

I believe that there are some things which should be definitely recognized in trying to develop this trade acceptance system. One of these is that the banker must do his part. I venture the assertion that outside the large cities you will find thousands of bankers who cannot tell you the difference between a banker's acceptance and a trade acceptance—who have made no study of the acceptance system, and who know practically nothing about it.

How can you expect, until these bankers are educated to an appreciation of the acceptance, that they are going to recommend to their clients and customers that they adopt it?

The bankers are being educated and they will come to realize that it will serve their best interests to have the trade acceptance and the banker's acceptance systems developed.

### THE TRADE ACCEPTANCE AS A MEANS OF PROFIT TO BANKERS

Probably one of the most apparent sources of benefit and profit to the bankers from the trade acceptance will come through the ability to rediscount them in larger amount and more quickly, and at a preferential rate, through the Federal Reserve Banks. It is to be sincerely hoped, however, that in regard to the preferential discount rate the banks will handle this, as there is no doubt in the world was the intention of the board in granting a preferential rate, that is, that they pass it on to their borrowers, to encourage them in pushing the trade acceptance and getting them from their customers. Unless this coöperation all along the line is thoroughly developed it will result in the trade acceptances not coming into general use for a considerable time to come.

As the trade acceptance makes available a greater legitimate field of credit for the customer of the bank, it will no doubt result in more of the financing of these customers through banking paper, when the banker who seeks the trade acceptance should benefit.

The general use of trade acceptances by buyers should result in turning over to the bankers a large number of loans which are theirs legitimately, but which are now being handled for customers by the manufacturers, jobbers and merchants themselves.

Having a quantity of desirable trade acceptances in their portfolios will furnish a legitimate means for the adequate borrowing formerly done through note brokers or houses who discount open book accounts, which financing often affords such customers accommodations, though the banks suffer therefrom.

By the proper functioning of the trade acceptance and its general use, it is probable that unreasonable cash discounts will be modified to the point that the necessary scramble to take advantage of cash discounts "at any cost" will give way to the legitimate handling of credit through acceptances and will be, in the long run, for the benefit of all concerned.

It would appear, although the small banks or bankers have been the least keen on the introduction of trade acceptances with their customers, that they possibly would be the ones to benefit in the largest proportion.

The limitation clauses in the National Banking and the Federal Reserve Acts in regard to the amount of loans to a customer has resulted in the necessity of many firms having to seek accommodations in the larger money centres.

If, however, the customers of such small banks offered them trade acceptances, the amounts that the banks could handle would practically only be limited by their resources and the amount of such paper as it would seem prudent to handle from one customer, especially as they could so readily turn such discounts into the Reserve Banks for rediscount, without the restrictions of Section 13 and Section 5,200.

It appears that this benefit to the small banks would be so considerable that, if they received no other, it should enlist their active support of trade acceptances.

All bankers, I believe, are realizing that as the bank's usefulness and helpfulness to its customers and to the community increases, commensurate with the sound methods employed in such service, it is almost a corollary that the prosperity and profits of the bank increase proportionately, or probably in increasing ratio, which again proves the present-day theory that service is one of the most profitable policies, which should encourage the bankers in their service in the trade acceptance cause.

### GENERAL BENEFITS TO THE BANKERS

There is no question that the general benefits are many to the bankers, and probably one of the most important is that the trade acceptance would put into the market commercial paper of a better class, based on sounder credit accounts than any other at present available.

No doubt general benefits will accrue to the banker by his close coöperation with his customer for better business

and credit, and especially as the merchant seems at the moment greatly interested and in a receptive mood. While in this mood the banker can easily do much in bringing him into line and inducing these better and more accurate methods of credit with his customer, and from this the banker should eventually benefit, not only in dollars and cents, but in the good will as well as the good finances of his merchant customers.

It may appear to the bankers now that they should only take an academic interest in this matter of better credit and better business methods, but we do not know how soon the present abnormal conditions of easy sale of goods and at any price will turn under the intense competition after the war, into sterner terms, when all the nations who are now buying of the United States in any quantity and at any price will be striving to undersell us at almost any price; then we will certainly be in need of the most efficient methods and the best credit plan it is possible to devise.

Even now the banker begins to feel the pinch of the Government's great need of money, which it appears will not decrease for the period of the war, and it would therefore seem that the banker should use every reasonable effort to add to the available liquid currency and credit which may be accomplished through his coöperation and the judicious introduction of the trade acceptance.

#### SUMMARY

Why, in the banking business, does a condition or feeling of necessity of granting "special favors" to the borrower by the banker prevail? Why should it not be on a basis of business exchange of money for equal value of business paper?

With the borrower coming to the bank for the larger part of his money on such instruments as trade acceptances, it will be a matter of sale and purchase and it will do much to cure loaning from the appearance or the necessity of special favors. It will be a plain business proposition, and the

banker can handle it in such a way without offense. In fact, the banker can, in handling it in this way, be of great benefit to his customer in giving him the proper viewpoint on the credits that his customer is giving the buyer. Probably no better analysis of the advantage of the trade acceptance to the banker can be given than the following quotation from a chairman of a large Federal Reserve Bank:

Every time a trade acceptance is substituted for a promissory note based on the mixed and undefined credit of the maker or for a book credit of still more ambiguous character, a step has been taken toward the ideal of sound trade credit.

By encouraging the use of, and purchasing, trade acceptances which in turn can be used as a basis for note issue by the Federal Reserve Banks, the banker is assisting in the modernizing of our credit structure.

The banker should be progressive, alert to encourage every movement tending to bring about the soundest and most scientific credit situation. The manufacturer, jobber and retailer all seek advice from the banker on financial matters and on such changes in business methods as that represented by the substitution of the trade acceptance for the "book account," so that there is a responsibility resting upon the banker, which he should not shirk, to do his part in introducing and developing the use of the trade acceptance and an "open market" for the sale of acceptances.

Unfortunately, up to the present time, the bankers have not done their part in this connection. Whether this is due to lack of appreciation of the benefits which would accrue to the country by the adoption of the trade acceptance system or from a lack of knowledge of the details connected therewith, or from a dislike to adopt changes, or whatever the reasons, the fact is that there is frequent testimony from jobbers and manufacturers alike that their bankers have not encouraged them to adopt the trade acceptance system.

This can only be explained on the ground that many bankers have not properly investigated the merits of trade acceptances, and when they do make such a study they not only will be convinced of the great advantages but will coöperate in the movement to make the use of trade acceptances general.

It has been well said that "we fear that which we do not understand," and it is therefore of special and vital necessity that the bankers, as well as the business men, study and try to understand the most practical angles of the

trade acceptance, with a view to ascertaining whether it can be handled in the American business world, to as large an extent and as profitably to the bankers as in the old countries.

One prominent man who has carefully studied the subject said that if 1,000 business men or bankers would study it 990 of them would favor its prompt and universal adoption. Another has said that unless all understand it thoroughly it is merely useless machinery furnished for the business of the country by the Federal Reserve Law and Board, which should be in use for the benefit of all concerned.

It is obvious to us all that a condition of mind now exists in the business world of the United States which is quite unusual. A spirit of coöperation with the Government and with each other is more evident than we can remember it in the past. It is, therefore, a proper time carefully to study the

trade acceptance matter, and if found to be proper, to use all possible means to put it in effect during this period.

Without doubt, when the bankers and the business men decide on the best plan for business changes or action for the nation or the nation's business, they will work to bring about such changes. As a well-known banker said:

The same national unity which we must develop to win the war will be required to meet the international trade struggle which will follow in the wake of peace.

Every American, therefore, must govern his life and direct his activities as though the fate of the country depended upon him alone. Then there will be no confusion of purposes, no uncertain motives, but instead a clarified atmosphere for the most effective use of our tremendous nervous energy, inventive resourcefulness, undeniable courage, and superb moral initiative.

This can only result in great benefit and profit to the bankers and business men of the whole country, in which the trade acceptance may play its part.



## The Greatest Insurance Business in the World

**M**ORE than \$12,000,000,000 of insurance upon the lives of members of the military and naval forces of the United States has been written by the Bureau of War Risk Insurance of the United States Treasury.

A year ago the total amount of life insurance in the United States was about \$22,000,000,000. In a few months the government has written more than 50 per cent. of that amount.

It furnishes this insurance to the beneficiaries at the same rate that private companies would furnish it in times of peace. This insurance is bought and paid for at regular rates by the beneficiaries, except that the nation assumes the additional risk that being in the military and naval service of the country entails upon the beneficiaries.

When Americans give up their private

occupations and in obedience to the call of their country and the law of the land, often at great financial sacrifice, face the dangers of war and offer their lives in the service of their country, it is but right and just that upon the nation and not upon them should be put the added cost of insurance their dangerous occupation incurs.

Secretary McAdoo says that the soldier and sailor insurance is the justest, wisest, and most humane provision ever made by any nation for its fighting forces. This opinion is shared in by the soldiers and sailors and by the people of the United States. The injustice, the partiality, the inequalities and other evils of the old pension system are replaced by a just, fair and generous insurance system which over 90 per cent. of the fighting forces of the nation have hastened to take advantage of.

# "Wake Up, Kelly"

## Graphically Describing How a Bank Clerk "Went Over the Top" in His Chosen Profession

By HARRY T. JONES, Chief Clerk Market and Fulton Office  
Irving Trust Company, New York

**F**RED KELLY was a bookkeeper in one of the big metropolitan banks of lower Manhattan. Popular with his fellows, and always addressed as "Kel," he had for the past six or seven years given himself up to the idea of "once a bookkeeper always a bookkeeper." He was rapid and accurate on the books, yet content to get to work just on time and, as he himself expressed it, "duck out at four o'clock."

Kelly had fallen into the rut—that old position of sameness, day in and day out. He saw no advancement coming his way and never expected any. He was more interested in the sporting page of the morning newspaper than in his welfare and advancement in the bank. Kelly knew the batting order of all the National and American League teams backward, forward and crosswise. He was also an authority on all theatrical attractions on Broadway, was a member of several fraternal organizations, and dabbled a little in local politics.

But to Kelly the game of banking seemed only a thing that had to be done; so the best way was to do it and get it over with. It so happened, however, that one morning after Kelly had taken his usual place at his desk, an assistant cashier of the bank had occasion to stop at Kelly's ledger to ascertain a bit of information from it. He found Kelly's work correct.

Mr. Parsons, the assistant cashier, had only recently been appointed, and since Kelly was a man who could be big enough to recognize the good qualities in others, he congratulated Mr. Parsons on the attainment of his new position.

"Thanks, 'Kel,' said Parsons slowly. "Your words sound good to me, for I know you mean them, and I also know that it is just as possible for you to come up and be with me in an official position, if you would only get your mind set on reaching that seemingly impossible goal."

Kelly merely laughed.

"What d'ye mean, handing me that kind of stuff, Joe? Why, I've been here thirteen years; the best I've been able to land is this big scrap-book and fourteen hundred a year. You have been here about six years, and you are now an official, and I'll bet you're pulling down three or four thousand, in real United States coin of the realm. How do you do it?"

Parsons edged a little closer to Kelly. Both men had always cherished a somewhat more friendly feeling for each other than they had for any other clerks of the bank. They had worked together until Parsons showed his qualifications which netted him his advancement. The newly-appointed assistant cashier still carried the love for Kelly as a friend which he held for him when a clerk alongside of him.

"Listen, 'Kel,'" said Parsons, "Why don't you wake up? Don't ask me or anyone else how it is done. You know yourself just how it is accomplished—simply by hard work, plus a little ability. You have as much brains as I have. Many times as we were together you arrived at the successful end of a business problem quicker than any other man could possibly do it. Then why don't you throw all the intuitiveness

you possess for baseball, theatres and small-time politics into the game of banking? You can do it if you try, and no one knows that better than yourself. You know me better, 'Kel,' than to take this as egotism on my part; but you hurl the question of 'How do you do it?' at me, and I'm trying to answer you in the simplest way I know. Wake up, 'Kel,' and come up with me. With you as my side partner, in an official capacity, we could make this old bank of ours shine like a star in the business world. When you leave to-night, stop off at my desk, and we'll talk some more of this."

"All right, Joe," said Kelly; and Parsons went on his way to his desk in the front office.

Kelly pondered a moment over the remarks of Parsons, then resumed the footing of his ledger. "Joe has the right dope," thought Kelly, "but I guess I don't quite get it."

"Billy Reynolds, sitting opposite to Kelly, just then called over, "Say, 'Kel,' did you see what Cobb did yesterday?"

"Yes," replied Kelly, at once brightening up with enthusiasm; "he only got two three-baggers, a double and home run in four times up. Some daisy little ballplayer, that boy is going to be some day, eh?"

And Kelly and Reynolds, for the next hour, alternately talked baseball and footed the pages of their respective ledgers.

As Kelly left the bank that night it was at his usual hour, four o'clock, which some of us are in the habit of deeming afternoon time. Kelly deemed it night. He did not stop to talk with Joe Parsons, the assistant cashier, as he had promised, but simply waved his hand and said, as he passed, "Sorry, Joe; can't hold our little meeting. I've got to catch that old 'Bankers' Special.' I'm going to a show to-night." And Kelly went out the door with nothing on his mind but his hat.

But eventually the meeting of the two men came to pass. Kelly jokingly alluded to it as an engagement for "skull practice." He also knew that it would not be possible to see and talk with Joe

Parsons at four P. M., for at that hour the assistant cashier would be a very busy man. So Kelly sought his audience with Parsons at 5:30 and found his friend more than glad to see him.

"Hello 'Kel,'" said Parsons, with a smile. "Glad to see you. I've just about got everything cleaned up. Sit down. Are we going to have our little meeting now? Good. I feel just like it."

And right there and then a feeling came over Fred Kelly, and an accompanying thought flashed through his alert brain that this "skull-practice," as he termed it, was going to do him more good than anything else he had ever experienced in his banking career. Sitting down, Kelly lighted the cigar which Parsons handed him and pensively watched the curling smoke from it, until his friend spoke.

"Fred," said the assistant cashier, "we used to have these little talks before, but they were mostly about your favorite topic of baseball, and you did most of the talking. We are going to discuss a different subject this time, and if I seem to do more talking than you do, please don't think that I know it all, for I've lots to learn."

"Well," responded Kelly, "you're at the bat, so line her out," and the book-keeper blew out a cloud of smoke and looked through it nonchalantly.

"Then," began Parsons, "I say to you again, 'Wake up.' Get that pleasure-loving disposition of yours attuned to the business of banking. There is just as much opportunity for you to advance as there was for me. But, 'Kel,' there are a few questions which you will have to answer, mentally, if you would awaken yourself to the possibilities which are open to you.

"What are you doing to help your bank? What are you doing to help yourself obtain advancement? Are you content to just perform the duties assigned to you, or are you interested enough in your bank to stay a little later than 4 P. M., with the thought of improving the work that you are supposed to do? Do you watch the clock for it to register the time to 'close up' and

then blot out all thought of the banking business?

"And when the first of the year rolls around, do you grumble if your salary is not raised? In short, if you think that you deserve an extra stipend from the bank, what extra duties are you performing to merit the advance?"

Kelly puffed nervously at his cigar. "I catch your drift, Joe," he said.

"It's a game of give and take," resumed Parsons. "If you are just plugging along, with no thought of improvement in your mind, you will be doing the self-same thing twenty years from now. Advancement is not a gift from your bank; it is attained by yourself, by showing your employers something which they want to see—improvement in your method of doing your work, and perhaps your enthusiasm and brains in keeping the business up to date.

"If you are in the habit of coming to work at the last minute, and going home at the first stroke of the bell, what chance has the bank of realizing that you are any more valuable to it than any other of its army of employees? True, you may do your work without an error; you may be a man who has done his work this way for years, but the main question again presents itself, of how much time have you given the bank in thinking of improvement in the work?"

The assistant cashier studied Kelly closely to see if his talk was making any impression. Kelly smoked.

"Well, what do you think of the meeting, so far, 'Kel'?" asked Parsons. "You realize that I am talking to you as your friend, don't you?"

"Sure," responded Kelly slowly; "but let's adjourn. We can hold another session at some future date. Meanwhile I'll try and fathom what you have told me."

Bidding his friend "good night," Kelly started for his home. On the way he did some thinking, and through all of it the car-wheels seemed to click a methodical accompaniment to his thoughts. Try as he would not to hear it, they seemed to sing a song to him. It was, "Wake up, Kelly, wake up."

That night as the bank bookkeeper attended a meeting of the political club in his ward he seemed rather reluctant to enter into the spirit of discussing politics. This was not his usual demeanor toward club proceedings, and Kelly's friends noticed the change immediately. They remarked upon it. But the bank clerk was just beginning to see the dawn breaking ahead of him, just coming to the conclusion that he must, at last, entertain some idea of what life meant to him. Parsons' words were eating their way into the heart of the man who heretofore had given up all his best efforts to pleasure-hunting.

Kelly departed from the club meeting alone. He walked home. On the way he listened attentively to the voice whispering in his ear, "Wake up, Kelly, wake up."

"All right," he said mentally, "I will."

(How Kelly "woke up," and what happened thereafter will be told next month.)



## President Wilson's Reply to the German Offensive

**G**ERMANY has once more said that force, and force alone, shall decide whether justice and peace shall reign in the affairs of men, whether right as America conceives it or dominion as she conceives it shall determine the destinies

of mankind. There is therefore but one response possible from us. Force, force to the utmost, force without stint or limit, the righteous and triumphant force which shall make right the law of the world and cast every selfish dominion down in the dust.

# Interest Accrued Receivable and Unearned Discount

By H. M. JEFFERSON, Auditor Federal Reserve Bank of New York

**C**ONSIDERABLE discussion has followed the appearance of the memorandum on the call of the Comptroller of the Currency of December 20, 1917. The memorandum reads as follows:

As it has been the custom of many national banks to credit discounts as collected directly to profits, and to credit profits with accruing interest only after collection, it has been thought proper to give the banks a reasonable time to make the adjustments which will be required in order to report accurately items 21 (interest earned but not collected) and 26 (interest and discount collected or credited in advance of maturity and not earned).

Therefore, national banks may exercise their discretion on this call as to including these items 21 and 26 in this report of condition. Banks will, however, be required to report these items correctly later on, when they shall have had a reasonable opportunity to adjust their books to show these items accurately, and shall have received more explicit directions to this end.

The practice of accruing interest daily and of crediting discount only as earned is not new nor is there anything complicated in the process. The really startling fact, to the student of accounting, is that banks ever should have followed the practice of crediting income as received instead of as earned.

The installation of a system of daily accruals of earnings should appeal strongly, but why stop there? Interest payable is of the same genus as interest receivable. If the latter accrues daily so does the former. Rent, taxes, salaries and other expense items have a way of increasing from day to day.

In the pages which follow I have to describe in detail, with proved, a system of accruing all earn-

ings and all expenses. The material may appear intricate to the casual reader, but it will undoubtedly be appreciated by the practical man who is called upon to put the system or any part of it into operation.

The journal entries should be clear to any one familiar with a journal and a ledger. For those who are not, the terms

Unearned discount.....\$100.00  
to

Discount earned.....\$100.00

placed in this position are intended to convey the idea that the account "Unearned Discount" is to be debited \$100 and the account "Discount Earned" is to be credited with a like amount.

The number of tickets suggested should not stand in the way of the installation of the system. These may be printed so all that needs to be done each day is to fill in the amounts of the various entries, date the tickets and send them through. It is generally recognized that errors are avoided in both preparing and recording constantly recurring entries if they are printed.

Given an accurate accrual of earnings and expenses each day, closing of the books will cause no heartrendings because the accrued receivables turned out so much less than it was assumed they would be. The accrued payables will not add their quota to the misery. The "calls" may be prepared with actual figures instead of being estimated, and with much saving of time and worry.

## CUSTOMARY ENTRIES

A banker discounts a note for \$6,000 having thirty days to run, at six per

cent. and passes the following entries through his books:

Bills discounted .....\$6,000  
to  
Individual deposits.....\$5,970  
Discount received..... 30

On the same day he makes a time loan of \$6,000 for thirty days, interest payable at maturity, also at the happy rate of six per cent. His general book-keeper finds the following entries to be posted:

Time loans .....\$6,000  
to  
Individual deposits .....\$6,000

Thirty days later the discounted note matures and is automatically charged

against the borrower's account. The following entries are passed:

Individual deposits .....\$6,000  
to  
Bills discounted .....\$6,000

The other borrower calls with his check for \$6,030 and receives back his note and the collateral, if he left any when the loan was made. The banker passes the following entries:

Cash (or)  
Individual deposits .....\$6,030  
to  
Time loans .....\$6,000  
Interest received ..... 30

Both transactions have been carried through the books incorrectly. It is

# COMPARATIVE STUDY OF DISCOUNT AND INTEREST EARNED AND RECEIVED ON NOTES OF \$6,000 EACH RUNNING 30 DAYS AT 6 PER CENT.

Day.	Discount Actually Earned.	Discount Received.	Discount Receipts in Excess of Earnings.	Interest Actually Earned.	Interest Received.	Interest Earnings in Excess of Receipts.	Error in Earning Accounts.	Actual State of Earnings.
1	\$1	\$30	\$29	\$1	\$0	\$1	\$29 over	\$2
2	2	30	28	2	0	2	26 "	4
3	3	30	27	3	0	3	24 "	6
4	4	30	26	4	0	4	22 "	8
5	5	30	25	5	0	5	20 "	10
6	6	30	24	6	0	6	18 "	12
7	7	30	23	7	0	7	16 "	14
8	8	30	22	8	0	8	14 "	16
9	9	30	21	9	0	9	12 "	18
10	10	30	20	10	0	10	10 "	20
11	11	30	19	11	0	11	8 "	22
12	12	30	18	12	0	12	6 "	24
13	13	30	17	13	0	13	4 "	26
14	14	30	16	14	0	14	2 "	28
15	15	30	15	15	0	15	0 "	30
16	16	30	14	16	0	16	2 short	32
17	17	30	13	17	0	17	4 "	34
18	18	30	12	18	0	18	6 "	36
19	19	30	11	19	0	19	8 "	38
20	20	30	10	20	0	20	10 "	40
21	21	30	9	21	0	21	12 "	42
22	22	30	8	22	0	22	14 "	44
23	23	30	7	23	0	23	16 "	46
24	24	30	6	24	0	24	18 "	48
25	25	30	5	25	0	25	20 "	50
26	26	30	4	26	0	26	22 "	52
27	27	30	3	27	0	27	24 "	54
28	28	30	2	28	0	28	26 "	56
29	29	30	1	29	0	29	28 "	58
30	30	30	0	30	30	0	0 "	60

Figure 1

generally considered that the two errors make the matter right by the principle of offset, but a few minutes' study of the figures will show that even the net figures are in balance but twice, once on the fifteenth day and again on the thirtieth day. And the latter happens to agree only because the transactions are completed simultaneously. If they had continued three or four months the error would have continued and the discrepancy on each day except the one in the middle would have been greater, because the amount of the profit is greater. The table shown in Figure 1 will illustrate the discrepancies in the case of the \$6,000 discount and loan above mentioned.

Suppose a few ciphers are added to the \$6,000 items used to increase the invested assets to say \$6,000,000, and the error in the first day's earnings will be \$28,000. Increase the loans to \$60,000,000 and the error on the first day is \$280,000. If there is such a wide

divergence from the true status when discounts and loans of exactly the same amounts and rates are compared, what confidence can be placed in figures so widely diverging as is actually the case in every bank and trust company?

The method of determining the true status of these earning accounts is so extremely simple, so inexpensive to operate, and so satisfactory to every one who watches the figures, that every bank and trust company in the country should establish the proper accounts without delay.

Having established an accurate daily accrual of earnings, we have only to apportion expenses in a similar manner and we have an absolute statement of condition each day. Moreover, with such accurate figures, it follows as a natural course that the officers will require and watch averages of these earnings and expenses and thus have a still closer finger on the pulse of the bank.

*(To be continued.)*



## Unusual Incident in a Bank

**F**ROM the "River Plate Observer" comes this account of a somewhat exceptional incident in the day's work of one of the Buenos Aires banks:

In the Banco de la Provincia yesterday afternoon a curious incident happened which spread alarm amongst the employees and the public.

A seller of lottery tickets whose radius includes San Martin between Bartolomé Mitre and Cangallo, in the act of following a client, walked into the vestibule of the bank. He was there asked to leave the premises by a detective, but insisted on following his prospective client; this annoyed

the detective who then tried to stop the lottery vendor from proceeding farther. The man at once began to run, followed by the representative of the law, to the general surprise of on-lookers.

And this is where the row arose.

The lottery man, unable to find the way out, ran into one of the offices, providing occasion for one of the employees to shriek out, "A thief!" "A thief!" followed by loud cries from the public to the same effect and "Stop him!" "Stop him!" There was a running to and fro, knocking over of chairs and people, and general confusion.

At last the supposed thief was surrounded by the police and employees of the bank, who soon discovered their mistake.

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# Banking and Commercial Law

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## CASE COMMENT AND REVIEW

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### Damages for Non-Payment of Check

**I**T has been repeatedly held by the courts that the return of a check by a bank, where sufficient funds were on deposit to meet the same, constitutes legal grounds for damages, and the return of a check under such conditions renders the bank liable to such damages as may, in the minds of a jury, be fair.

The damages resulting are usually in the nature of impaired credit, not to speak of the mental distress occasioned thereby. It can easily be seen that the return of a check can injure the standing of the maker. In a recent case in New York, six checks given by a moving picture house were returned, thereby injuring the credit of the maker to such an extent that he was obliged to pay cash for his films thereafter, and the jury awarded \$1,000 damages on each check, a heavy penalty for such a transaction.

In a case reviewed in the present number, the damages are of a different nature. A man named Groth in Philadelphia was engaged to manufacture food choppers, and was given a check for \$1,000 in payment. The check, although good, was returned, and Groth was so incensed that he refused to proceed with the order, and the plaintiff was obliged to retain a lawyer and seek other sources of manufacture at a cost of \$400. In this case, the court holds that indirect, remote or contingent damages may not be recovered; yet it is certain that damages commensurate with the facts will be sustained. *Meyer vs. Hudson Trust Co.*

### Partnership

Partnership is one of the most interesting of all phases of the law. Briefly stated, the law of partnership is as follows:

Each partner has the right to bind the firm in all matters pertaining to partnership affairs. He may make contracts, sign checks, promissory notes, etc., in the name of the firm, and bind it fully, but all transactions so made must be for the benefit of the partnership; but one partner cannot divert the assets of the firm for the payment of his own obligations without the consent of his partners. He may, however, draw upon the partnership funds for his private affairs to a reasonable extent, and such drawings cannot be repudiated. Such use is not necessarily a conversion, but in keeping with the legal right to share the earnings, and a bank allowing such transactions to pass with its knowledge is not liable for misapplication of the funds. A very good resumé of the law of partnership will be found in the case of the *Peabody Buggy Company vs. Cooper & Collins*.



### Humor of the Law

The law has a humor all its own, subtle, clean and wholesome—the kind that leaves a lingering smile; and one can ask for no better treat than to listen to a jurist who has a keen sense of wit. Of such nature is the case of *Provident National Bank of Waco*, against Howard, in the Texas Courts.

One Gip Howard recovered judg-

ment for money deposited in the bank under testimony that Howard had a checking account in the name of his wife, and on August 3, 1915, he deposited \$75.00, and on the day following \$54.00, both of which were never placed to his credit. The teller testified that neither sum was delivered to him, and that no such credits were made. Howard proved that he had received the money from one Collins; Collins testified that he had made such payments, and that immediately after making such payments, Howard started down Franklin street, "which was the proper way to the Bank." On this statement of fact, judgment was affirmed, and it is therefore assumed that anyone who starts down a street with money, will deposit it in the bank on the same street.

It would be highly gratifying to the bank officials if such were the case, and highly profitable to the individuals likewise; but as a practical proposition, we take issue with the Texas legal mind in the conclusions; for, as a matter of experience, we find that a large part of the money that starts down a street never gets into the bank at all, and if so, it is through some third party who keeps part of it as profits and the original owner gets the benefit. Whether or not the Texas court has slipped a cog we do not venture to say, but we cite the case merely as a digression from the ordinarily sober tone of these pages.

any other wrongful intent, is no different from the measure of damages applicable to all breaches of contract unaccompanied by malice or wrongful intent.

Those damages which are the natural and probable result of a breach of contract, and which the parties may reasonably anticipate as the effect of a breach under the particular circumstances known to them when the contract is made, and those only, may be recovered.

Plaintiff, a patentee of a rotary chopper, was having such choppers manufactured by G., and gave him a check in payment for choppers which he had manufactured. The bank wrongfully dishonored the check and G. was so incensed that he refused to proceed with the manufacture of the choppers unless paid in advance for each lot. Plaintiff sought an other manufacturer, but before he was able to find one with whom he could make satisfactory arrangements the war broke out and seriously interfered with the market for such choppers. G. refused to give up the dies and patterns, and plaintiff was obliged to retain a lawyer and take legal proceedings at a cost of \$400. *Held*, that the bank, which knew nothing about plaintiff's contract with G., or the dependency of such contract on its fulfillment of its own contract with plaintiff, was not liable for any damages resulting from G.'s abandonment of the contract or his refusal to give up the dies and patterns, as these matters, as well as the breaking out of the war, could not be foreseen, and the damages were remote, contingent, and, to a large extent, speculative.

Action by Charles E. Meyer against the Hudson Trust Company. From a judgment entered upon the verdict of a jury in favor of plaintiff and from an order denying a new trial defendant appeals. Reversed and new trial granted.

#### STATEMENT OF FACT AND OPINION

Scott, J. The plaintiff has recovered a substantial sum as damages for defendant's refusal to honor a check drawn upon it by him. At the trial there was a sharp conflict as to whether or not the plaintiff had a sufficient amount on deposit to meet the check when it was presented. That question was decided by the jury in plaintiff's favor, and the defendant, accepting for the purposes of this appeal the finding of the jury on that subject, complains now only of the amount of the recovery, insisting that the plaintiff is entitled at the most to only nominal damages.

## Leading Cases

### Return of Check

NEW YORK

*Measure of Damages for Failure to Pay Check*

New York Supreme Court, Appellate Division, First Department, Dec. 31, 1917

MEYER VS. HUDSON TRUST CO.

The measure of damages for a bank's failure to pay a check drawn on it by a depositor, when unaccompanied by malice or

There is no evidence in the case that the defendant's refusal to honor the check was induced by malice or any other wrongful intent, and the court expressly so charged without objection or exception on the part of plaintiff. The action must therefore be considered as one for damages for the breach of defendant's contract with plaintiff.

The measure of damages in such a case is not doubtful, and is not different from the general rule applicable to all cases of a breach of contract unaccompanied by malice or wrongful intent. In *Brooke vs. Tradesman's National Bank*, 69 Hun, 204, the court said:

"It is undoubtedly the rule that the refusal to pay a check upon presentation gives the drawer a right of action in case he has funds in the bank to meet the check, and the refusal to pay was without authority, and that the measure of damages will be the amount of actual loss the party has sustained, and that damages which may fairly and reasonably be considered as naturally arising from the breach of contract, according to the usual course of things, are always recoverable."

In *Landsberger vs. Magnetic Telegraph Co.*, 32 Barb. 530, quoting from *Griffin vs. Colver*, 16 N. Y. 489, the court said:

"The broad, general rule in such cases is that the party injured is entitled to recover all his damages, including gains prevented as well as losses sustained; and this rule is subject to but two conditions: The damages must be such as may fairly be supposed to have entered into the contemplation of the parties when they made the contract; that is, such as might naturally be expected to follow its violation.' 'And they must be certain both in their nature and in respect to the cause from which they proceed.' \* \* \* The defendants were not informed of any special use intended to be made of this sum of money; and what damage might they naturally expect to follow from the delay in the receipt of it? Clearly, the loss of the use of that sum during the time that its receipt was delayed, and

the damages for the loss of such use are, by the laws of New York, determined to be the interest on the money for the period of the delay, at seven per cent. per annum."

Very many cases might be cited to the same effect. The general rule upon the subject was well summarized in *Central Trust Co. vs. Clark*, 92 Fed. at p. 297, as follows:

"From the considerations which move the reason, and from the American and English authorities upon this subject, the following general rules may be deduced, which are equally applicable to the measurement of damages based upon the loss of profits and to the measurement of damages founded upon other losses: (1) Those damages which are the natural and probable result of a breach of contract, those which the parties may reasonably anticipate as the effect of the breach under the particular circumstances of the case, which are known to them when the contract is made, and those only, may be recovered in action upon a contract. \* \* \*

(2) In the absence of proof aliunde of knowledge by the defaulting party at the time the contract is made of special circumstances which make other damages the natural and probable effect of a breach, such damages only as are implied by the contract itself, such as would naturally flow from its breach in the usual course of things, such as would reasonably be anticipated by the parties to such contracts in the great multitude of such cases and such damages only may be recovered. \* \* \*

(3) Proof of knowledge by the defaulting party, at the time he makes the contract, of special circumstances which make damages other than those implied by the contract, and naturally flowing from it, the natural and probable effect of its breach, will warrant the recovery thereof. \* \* \*

(4) Damages which are the natural and probable result of a breach of a contract, and which may be reasonably anticipated therefrom, but which are so speculative and so dependent upon numerous and changing contingencies that their amount is

not susceptible of proof with any reasonable degree of certainty, may not be recovered."

In the present case the plaintiff showed that he had for some months kept a small checking account with defendant; that on March 13, 1914, he had drawn a check on defendant to the order of one S. Harry Groth; that the check when presented was dishonored on the ground that it was drawn against uncollected items, for which reason the defendant was without sufficient funds belonging to plaintiff to pay the check. As has been said, that ground of refusal is now conceded to have been erroneous. The plaintiff, therefore, on the case as presented, was entitled to at least nominal damages.

The question we have to consider is whether or not he is entitled to substantial damages. He testified that he was the inventor and patentee of an article called a "rotary chopper," which is not definitely described, but which was placed on sale with department stores at about 50 cents apiece. He employed a traveling salesman and demonstrator. Having no facilities for manufacturing himself, he made a verbal contract with a man named Groth, in Philadelphia, to manufacture the choppers at the cost of 10 cents for each chopper, plaintiff furnishing the steel and dies and patterns. The check which defendant refused to honor was drawn in favor of Groth, and was given in payment for 1,000 choppers which Groth had manufactured. Groth was so incensed at the dishonor of the check that he refused to proceed with the manufacture of the choppers unless he was paid in advance for each lot of 1,000 which he was to turn out. Plaintiff, being either unable or unwilling to make payment in advance, sought another manufacturer, and before he was able to find one with whom he could make satisfactory arrangements the war broke out and seriously interfered with the market for choppers. In the meantime Groth had refused to give up the dies and patterns which had been left with him and were plaintiff's property, and the latter was obliged to retain a lawyer and take le-

gal proceedings in order to regain them, at a cost of some \$400. He estimates that if the check had been paid Groth would not have refused to go on with the contract, and would have continued to manufacture the choppers in large numbers, and that very many of them would have been sold, whereby plaintiff would have realized large profits. No direct and immediate damage is shown as having resulted from the dishonor of the check and no damage at all except as above recited.

It seems to be quite plain that defendant cannot be held liable for substantial damages upon this state of facts. It knew nothing whatever about plaintiff's contract with Groth, and could not possibly have foreseen that its refusal to pay the check would have led Groth to abandon the contract of which it had no knowledge, or that Groth would refuse to give up the dies and patterns, or that the war would break out and spoil the market for the choppers. The damages sought to be recovered were remote, contingent, and to a large extent speculative. As was said by the Court of Appeals in *Rochester Lantern Co. vs. Stiles*, 135 N. Y. 209:

"The damages must flow directly and naturally from the breach of the contract, and they must be certain, both in their nature and in respect of the cause from which they proceeded. Under this latter rule, speculative, contingent, and remote damages, which cannot be directly traced to the breach complained of, are excluded. Under the former rule, such damages only are allowed as the parties may fairly be supposed when they made the contract to have contemplated as naturally following its violation."

The circumstance that defendant had no knowledge of plaintiff's contract with Groth, and therefore could not have foreseen that the refusal to pay the check would lead to an abrogation of that contract, is of great importance, for any loss arising from that source cannot fairly be supposed to have entered into the contemplation of the parties when they made the contract for

the breach of which this action is brought. To authorize a recovery for such damages, it was necessary to bring home to defendant knowledge of the contract with Groth and the dependence of plaintiff's contract with Groth upon defendant's fulfillment of its contract with plaintiff. *Brauer vs. Oceanic Steam Nav. Co.*, 66 App. Div. 605-607. Upon the case as made, therefore, the plaintiff failed to show that he was entitled to more than nominal damages, and we do not ordinarily grant a new trial merely to permit of the recovery of such damages. In the present case, however, the plaintiff may be able to show on a new trial facts entitling him to substantial damages; and the judgment and order appealed from will therefore be reversed and a new trial granted, with costs to the appellant to abide the event, the finding of the jury that the plaintiff is entitled to substantial damages, on the record before us, being reversed. All concur.

(168 N. Y. Supp. 387.)



## Partnership

### IOWA

#### *Payment of Individual Debts Out of Firm Funds—Misappropriation—Repudiation—Garnishment*

Supreme Court, Iowa, January 9, 1918

PEABODY BUGGY CO. ET AL. VS. COOPER AND COLLINS, ET AL.

As an abstract proposition one partner cannot divert the assets of the partnership to the payment of his own individual obligations without the consent of his co-partners, in which case such assets may be recovered back by the partnership from the recipient thereof; but, where partners habitually draw upon partnership funds to pay private obligations, the drawing of a check for a reasonable sum for such purpose cannot be repudiated by another partner from the mere absence of express knowledge and verbal consent to the particular transaction.

#### STATEMENT OF FACT AND OPINION

The plaintiff, a corporation, is an execution creditor of Cooper & Collins,

a partnership. It levied an execution by garnishment of the First National Bank of Woodbine as garnishee, and as alleged debtor of Cooper & Collins. The issue is between the plaintiff and the garnishee. The garnishee denied indebtedness, and the plaintiff controverted its answer and averred in substance that said garnishee had previously received certain partnership checks signed by Cooper & Collins and had fraudulently appropriated the same to its own use with intent to defraud such partnership, and that it had so appropriated the checks by applying the same in payment of the individual indebtedness of one of the partners. Six checks were involved, representing a total of \$1,512. The trial court held that such checks were properly applied to the extent of \$784. As to the remainder, the issue was submitted to the jury, which rendered a verdict for the plaintiff for \$748. Judgment was entered accordingly, and both plaintiff and the garnishee have appealed. Reversed and remanded.

Evans, J. The firm of Cooper & Collins came into being in the fall of 1909. It consisted of two partners, Cooper and Collins. Its activity covered a period of two or three years, and consisted of operating a hardware store at Charter Oak, Iowa. The plaintiff is one of its judgment creditors.

At the time that it was formed, Collins was debtor to the First National Bank of Woodbine, garnishee herein, which will hereinafter be referred to as the bank. On or about January 1, 1910, this individual indebtedness of Collins was represented by a note of \$1,000, a note of \$526, and a note of \$721. On the first of these, and perhaps on the second, Cooper was a signer. From time to time partial payments were made on these notes, and renewal notes executed for the balance. Eventually Cooper became a signer on all the unpaid notes. Six partial payments were made by Collins with partnership checks purporting to be drawn by the partnership upon its account at the local bank in Charter Oak. The principal amounts were represented by

three checks as follows: One for \$529 dated January 6, 1910; one for \$521 dated May 2, 1910; one for \$380 dated November 7, 1910. The pleading of the plaintiff is that these checks were so used without the knowledge or consent of Cooper, and that such use thereof was fraudulent, and that the garnishee received and applied the same with fraudulent intent, and that the action of Collins and the bank was therefore wholly void, and that the bank should be deemed as holding the proceeds of the checks as the property of the firm. The contention in argument, however, is that the action of Collins and the garnishee bank was, as a matter of law, necessarily fraudulent and therefore absolutely void, and that the bank is absolutely liable to the partnership, as such, for the proceeds of such checks. This argument is predicated upon the theory that the indebtedness was the individual indebtedness of Collins, notwithstanding that Cooper was a surety on some or all of the notes.

The contention for the garnishee is that the checks were thus used by Collins with the express consent of Cooper. This contention being denied by Cooper as a witness, the further contention of the garnishee is that, with full knowledge of the use of the checks, Cooper did undisputably by his conduct repeatedly acquiesce in and ratify such use of the checks. This latter contention presents the decisive question in the case.

As an abstract proposition, it is true that one partner cannot divert the assets of the partnership to the payment of his own individual obligations without the consent of his co-partners. If he assume to do so, his act may be repudiated by any other partner and the money or other asset thus misappropriated may be recovered back by the partnership from the recipient thereof. In considering such question, however, the practical fact must not be overlooked that commonly partners do individually draw daily upon the resources of the partnership, and that such an act is not necessarily a misappropriation of partnership funds, even though no express verbal consent of other partners

can be shown. The fact of consent may appear quite conclusively in the course of conduct and methods of business of the partners as between themselves.

Not infrequently the formation of a partnership absorbs all the resources of the partners. In such case it may become necessary for each partner to draw to some extent upon the resources of the partnership for his individual current uses. If, pursuant to such a mutual practice, one partner should in good faith draw a partnership check for a reasonable amount for his own use, without the actual or express knowledge and verbal consent of his partner, and should deliver it to a third party for his own benefit, the mere absence of express knowledge and verbal consent of the particular transaction by the other partner could hardly avail in the repudiation of such transaction. The consent could be found in the mutual conduct of the partners.

Though the contending parties before us are creditors, the one a partnership creditor and the other an individual creditor of a partner, this is not a creditor contest. Though the plaintiff is a partnership creditor, it has no preference of claim as such over that of the garnishee. *Bank vs. Brubaker*, 128 Iowa, 587. It stands in the shoes of the partnership only. If the act of Collins can be deemed fraudulent either actually or constructively, it is because it was so as to the other partner, and therefore as to the partnership. It cannot be said to be fraudulent as against the creditors of the partnership. The plaintiff is in court as a garnisher, and its rights can rise no higher than those of the debtor firm, *Cooper & Collins*.

With these general observations, we now turn to the important details of the concrete case. The formation of this partnership was quite informal. Prior to its formation, Cooper and Collins had been jointly interested for some months or years in various transactions. One of such transactions was the purchase by contract of a tract of Texas land. They traded such contract for the stock of hardware already referred to, the same being situated in the town

of Charter Oak. We infer from the record that they purchased a going business, and that they kept it going as such after the purchase. This business was kept going under the name of Cooper & Collins, and this constituted the formation of the partnership. No particular sum was specified as partnership capital, nor was there any setting apart in advance for partnership uses any particular amount of capital. On the trial, Cooper testified on behalf of the plaintiff, and Collins on behalf of the defendant. Neither witness was able to state the exact sum either partner contributed to the partnership business. It does appear from the testimony that Collins had invested approximately \$600 in the Texas contract and Cooper had invested \$200 therein and that each of them had contributed thereafter about \$700 to the partnership business.

They also borrowed from the Charter Oak bank the sum of \$1,600 for the partnership. The stock invoiced \$4,000 to \$5,000. It appears also that they jointly owned a farm of 145 acres in Harrison county. They used this farm as the basis of their partnership credit in the Charter Oak bank. When they closed out their partnership business they had drawn on their credit at such bank a net sum of over \$8,000, to the payment of which they devoted the 145-acre farm. There was no clear line of demarcation between partnership and individual property. Both partners appear to have devoted all their individual resources to the support of the credit of the partnership. On the other hand, each partner drew on the resources of the partnership for his individual use. This is undisputed. We infer from the record that each partner properly charged himself with all the amounts so used by him. At least no complaint appears in the record in that regard. This mutual course of conduct of the two partners being conceded, partnership checks drawn pursuant thereto for the individual use of a partner were not presumptively fraudulent. *George vs. Wamsley*, 64 Iowa, 175. Let it be conceded even then that a check in a given case might be repudiated as for actual

fraud, or even for excess of authority, yet in such a case the burden of repudiation and proof of fraud must rest upon the complaining partner. In *Pierce vs. Caldwell*, 162 N. W. 8, we said:

"The use of partnership funds by a partner for his private use is not necessarily a misappropriation. If his interest in the partnership is such that the amount thus taken in good faith can be charged to his account without prejudice to his partners or to the creditors of the firm, no wrong is perpetrated."

The course of conduct adopted by the partners amounted to a consent by and to each partner to thus use the partnership resources, at least to some extent and to a reasonable amount. While it might be claimed that in the case at bar it was a fair question for the jury whether Collins exceeded the reasonable limits of the use of partnership resources, yet, as we shall presently see, this is not the controlling question in the case. Cooper knew of the use of the checks in question in 1910, immediately after the events. As already indicated, they had been used as payment upon notes some of which at least were signed by him, whether as maker or surety is not material for our present discussion. There is no evidence of any bad faith on the part of the garnishee bank, nor of any on the part of Collins, unless it be constructive. Granted even that Cooper was not bound to accept the benefit accruing to him by his release as surety to the extent of the payment, and that he was entitled to repudiate the transaction as being either fraudulent or in excess of authority on the part of Collins, yet he did not do so.

If the garnishee bank had been a mere bailee or depository of these funds, and had of its own volition applied them as credit on these notes, quite a different question would be presented. In such a case, if the application was wrongful, the contract of deposit or bailment would continue in force unsatisfied. But the garnishee bank did not receive these checks as deposits. It received them from Collins as payment on the notes in question. The transac-

tion between it and Collins was contractual, and was binding upon the bank until repudiated. *Evans vs. Evans*, 82 Iowa, 492. Cooper was a beneficiary of the contract. If it had been repudiated, the bank would have been entitled to a restoration of the status quo. It had gained no advantage in the transaction which it could not have had by the provisional remedies of the statute. It could have seized Collins' individual property, including his interest in the partnership. It could have done likewise as to Cooper's interest therein. Collins had authority to use partnership funds for his own use, at least to some extent. Under the undisputed facts already stated, therefore, we are clear that the burden of disaffirmance or repudiation of the transaction with the garnishee bank rested upon Cooper as soon as he knew thereof. Until he did repudiate, the credits upon the notes were binding upon the garnishee. The transaction, though voidable, was not utterly void. Inasmuch as Cooper never did repudiate the transaction, there was nothing in the hands of the garnishee subject to plaintiff's garnishment when it was effected. No right of repudiation or disaffirmance rested with the plaintiff as a partnership creditor.

Not only was there an absence of repudiation, but subsequent affirmative ratification appears without contradiction. In April, 1911, a settlement was had with the bank of the balances due on different notes. Both Cooper and Collins participated therein. In such settlement, credits were recognized for all the checks in this controversy. A balance of \$950 was found to be due to the bank. New notes were executed therefor, and all of these were signed by Collins, Cooper, Mattox and Chambers. In November, 1911, a further settlement of balances was had. There was due the bank at that time a balance of \$800. Two new notes were executed for this amount, both of which were signed by the same signers.

In 1912 Cooper wrote a letter to the bank explaining his inability to make any payment on the November notes of \$800. In this letter he said:

"I have helped him (Collins) pay you \$2,600 already and he owes me \$2,000 of it yet, nearly busted me up."

He testified at the trial that the \$2,600 stated in this letter included the checks now in controversy.

If Cooper gave no advance consent to the use of the checks in question, it was still competent for him to give his consent afterward. It matters not whether such be called a consent or a ratification. *Clews vs. Jamieson*, 182 U. S. 461; *Argus vs. Leland & Ware*, 155 Iowa, 583; *Hosteter vs. Shoe Co.*, 171 Iowa, 346. When the bank, at the settlement of April, 1911, surrendered the notes which it held against both Collins and Cooper and accepted renewal notes for lesser amounts by reason of the credits of the amounts of these checks, this was an adoption and acceptance of the credits by Cooper as well as by Collins. It amounted therefore to an affirmation or ratification of the transaction, and not to a repudiation of it. The same thing must be said concerning the settlement of November, 1911. Likewise the letter of April, 1912, quoted above, was a verbal declaration to the same effect. These consenting and ratifying facts are undisputed. Cooper testified, however, as follows:

"I am not nor have I ever been willing that the First National Bank of Woodbine should retain the proceeds of those checks."

Such testimony makes no denial of the ratifying facts above set forth. Though it be true that he was not willing, he could nevertheless consent and ratify. He does not claim that he ever manifested or communicated his unwillingness in any way to the garnishee bank. It follows therefore: (1) There was no repudiation by Cooper; and (2) there was undeniable ratification.

It further follows that at the time of the garnishment (February, 1913) a suit could not have been maintained against the garnishee bank by Cooper, either in his own name or in the name of the firm. A contrary holding would work a continuing fraud upon innocent

third parties. Partners might follow their mutual custom for years, and pass their partnership checks in actual good faith to innocent third parties for current individual uses, and then later, after insolvency had ensued perchance, recover back from such third parties in the name of the firm all the proceeds of its checks for the full period of the statute of limitations. Such a possible result is avoided by laying upon the partner adversely interested the burden of prompt repudiation of an alleged misappropriation upon discovery thereof. Such a rule makes for the prompt detection of wrongdoing, and works no hardship upon any one.

Whether the cause of action upon which the judgment of the plaintiff herein was entered accrued after the alleged misappropriation, or whether before, does not appear; nor was it material that it should appear. Upon either hypothesis, the rights, if any, of the plaintiff as a garnisher would be the same. As already indicated they rise no higher than the rights of the partnership as such. Neither the act of Collins in passing the checks, nor that of the garnishee bank in accepting the same, could be deemed a fraud against the plaintiff as a partnership creditor. *Bank vs. Brubaker*, 128 Iowa, 587; *Smith vs. Smith*, 87 Iowa, 98; *Poole vs. Seney*, 66 Iowa, 502. The case therefore involves no question of equities in favor of a partnership creditor. No question of accounting as between the partners is involved. The partners are undoubtedly entitled to that as between themselves. That could add nothing to the status of the plaintiff as a garnisher of this garnishee. The plaintiff as creditor has no right to an accounting as between the partners; nor has it any need of such remedy. It has a complete remedy by execution against each partner.

We hold therefore: (1) That the verdict rendered was contrary to the evidence; and (2) that the motion of the defendant at the close of all the evidence for a directed verdict should have been sustained. The judgment is therefore affirmed on the appeal of the plain-

tiff, and reversed on the appeal of the garnishee, and the cause is remanded accordingly.

Reversed and remanded.  
(165 N. W. Rep. 1023.)



## Limitation of Loans

MINNESOTA

### *Investment in U. S. Bonds Held Not Limited by Restrictions on Loans*

Supreme Court of Minnesota, January 18, 1918

TRUMER VS. SOUTH SIDE STATE BANK

By Gen. St. 1913, section 6358, providing that the total liabilities of any person, corporation, or co-partnership to a state bank shall never exceed 15 per cent. of its capital and surplus, it was not intended to limit the amount of bonds of the United States that a state bank might purchase or hold.

Action by M. E. Trumer against the South Side State Bank. Judgment for defendant, and plaintiff appeals. Judgment affirmed.

### STATEMENT OF FACT AND OPINION

Bunn, J. Defendant is a banking corporation organized and existing under the laws of this state. Plaintiff, a stockholder, brings this action to compel defendant to sell an amount of bonds of the United States purchased by it sufficient to reduce the amount retained to fifteen per cent. of its combined capital actually paid in and surplus. The trial court granted judgment for the defendant, and plaintiff appeals.

Plaintiff contends that a loan by a state bank to the United States is an amount in excess of fifteen per cent. of the combined capital and surplus of the bank is forbidden by G. S. 1913, section 6358, which, as far as material, reads as follows:

"6358. *Loans, How Limited.*—The total liabilities to it [the bank], as principal, surety, or indorser, of any person, corporation, or co-partnership, including the liabilities of the several

members thereof, shall never exceed fifteen (15) per cent. of its capital actually paid in cash and of its actual surplus fund," etc.

Counsel for plaintiff, in an able argument, presented the view that the federal government is a "corporation" within the meaning of that term as used in the above statute. Manifestly the question is not whether the United States may, as stated by Chief Justice Marshall in *Chisholm vs. Georgia*, 2 Dall. (2 U. S.) 419, 1 L. Ed. 440, "without impropriety, be termed" a corporation. It is rather this: Did the Legislature intend, when it limited the total liabilities to a state bank, as principal, surety, or indorser, of any person, corporation, or co-partnership, to forbid the bank to purchase the bonds of the United States in an amount in excess of fifteen per cent. of the bank's capital and surplus? We answer this question in the negative. The purpose of the limitation of the statute is clear. It is well known that many banks have met disaster through large loans to a single individual, copartnership, or corporation, whose business officers of the bank were often closely connected with. The object of the Legislature plainly was to prevent disaster to or embarrassment of the bank by loaning a large portion of its funds to any one business concern, whether an individual, corporation, or co-partnership. The suggestion that the provision of the statute was also designed to prevent a monopoly of the credit facilities of rural banks, thus insuring extension of credit to as large a number as possible, is answered by other provisions of the statute. Except the reserve the bank is required to keep on hand, there is absolutely no limitation on the amount it may loan to any particular class of borrowers, or on any particular class of securities. When we consider the evil which it was the object of the Legislature to remedy, and the fact that bonds of the United States are recognized by our statutes and by everybody as the very safest investments, we have no hesitation whatever in deciding that the Legislature did not intend by the provisions quoted to limit

the amount of the United States bonds that a state bank might purchase or hold. We do not consider the point doubtful enough to demand further discussion or to require reference to the decided cases. They are readily available, and are all in accord with the view we take.

It is unnecessary to consider any other question.

Judgment affirmed.

(166 N. W. Rep. 127.)



## Note Without Date

Where a demand note was blank as to the time for payment, and the blank was filled in so as to make it payable five months after date, there was a material alteration in the sense that it increased the obligation of the maker, as he could not pay the note before it was due, and thereby stop the running of interest, and as the statute of limitations only begins running from the date on which the note becomes due.

*Bloom et al. H. Horwitz*, 166 N. Y. Supp. 786.



## Williams vs. Bank of Santa Rosa

Where deceased directed a bank to change her deposit into a joint one in favor of herself and sister with rights of survivorship, writing to the bank as follows: "Will you please add my sister's name, Mrs. M. E. Williams, to my bank account, which will make it more convenient to me"—upon receipt of which the bank entered the account in the passbook as subject to the check of either sister or the survivor of them, although deceased retained possession of the book, *held* sufficient to constitute a trust in favor of the surviving sister.

166 Pac. Rep. 367.

# Banking and Financial Industry

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

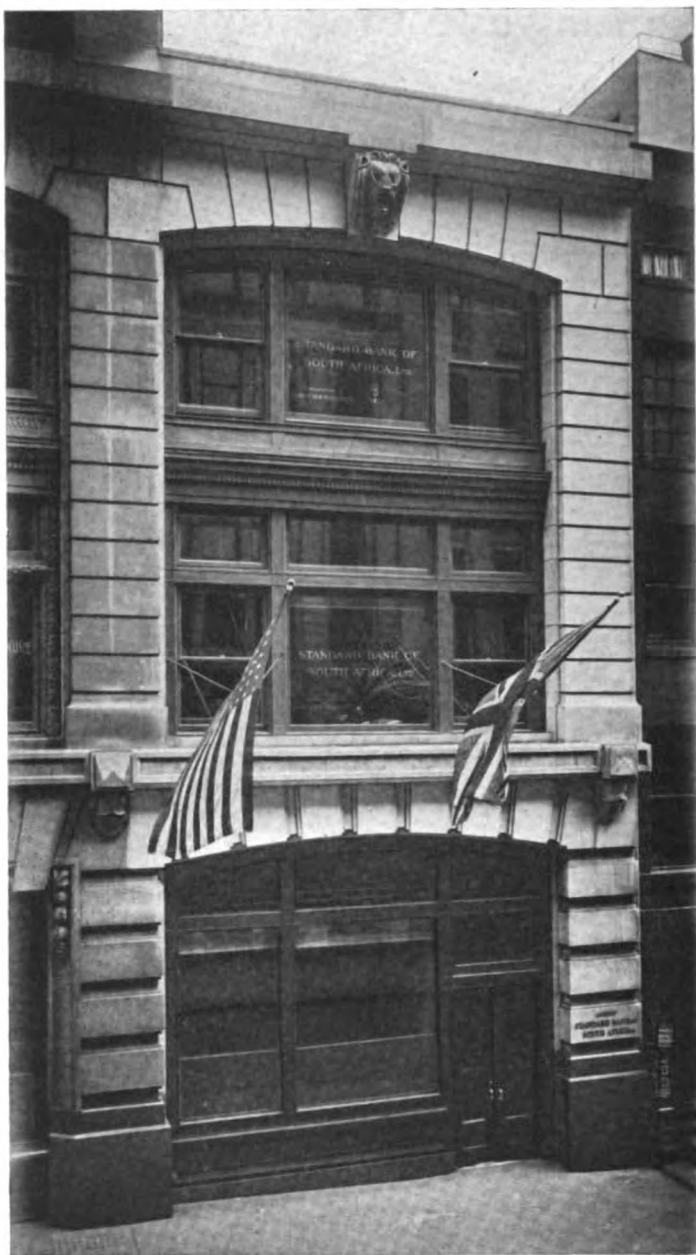
CAPITAL . . . . \$3,000,000.00

SURPLUS . . . . 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

### OFFICERS

HARVEY D. GIBSON	. . . .	President
DANIEL G. REID	. . . .	Vice President
CHAS. W. RIECKS	. . . .	Vice President
ERNEST STAUFFEN, Jr.	. . . .	Vice President
JOSEPH A. BOWER	. . . .	Vice President
FREDERICK W. WALZ	. . . .	Cashier
FREDERICK P. McGLYNN	. . . .	Assistant Cashier
THEODORE C. HOVEY	. . . .	Assistant Cashier
LOUIS W. KNOWLES	. . . .	Assistant Cashier
SIDNEY W. NOYES	. . . .	Assistant Cashier
JOHN P. MAGUIRE	. . . .	Assistant Cashier



New York Office Standard Bank of South Africa, Ltd.  
68 Wall Street



London Office Standard Bank of South Africa, Ltd.

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## The Standard Bank of South Africa, Limited—Its New York Agency and Historical Sketch

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**F**ROM strange and far-off lands, banks are coming to the western world for the purpose of knitting together in closer commercial relations peoples and countries heretofore almost unconscious of each other's very existence. That "splendid isolation" of America which once found expression in the phrase, "What do we care for abroad?" has disappeared, and this

country has been plunged, with rather startling suddenness, into the maelstrom of world affairs. This fact is receiving illustration in many ways, the establishment of numerous agencies or branches of foreign banks here being a notable one of them.

While the institution under present notice has its head office in London, its principal field of operations lies in



W. H. MACINTYRE  
New York Agent Standard Bank of  
South Africa, Ltd.

South Africa—a country whose varied products, rich fauna, strange races and sharp climatic contrasts constitute subjects of rare interest. It rather bewilders the comprehension of those dwelling in our latitude to read of a place where it is midwinter in July and August; deserts along the seashore, with rich plains and valleys inland; almost intolerable heat near the coast and extreme cold at high altitudes not far away; the lives of cattle and even of man, menaced by lions—these are but a few of the sharp contrasts with our customary ideas and situation which South Africa affords.

But while these are matters tending to arouse curiosity, they by no means constitute the chief point of interest with relation to the activities of this institution. As a matter of fact, the Standard Bank of South Africa comprises a part of that vast civilizing force which the British Empire has slowly but persistently pushed forth in that part of the world. In establishing a branch in this country, the bank has provided additional facilities for carry-



Private Office W. H. Macintyre, New York Agent Standard Bank of South Africa, Ltd.

ing on a trade between South Africa and the United States which is already large and which is rapidly growing in importance.

**SOME POINTS WHERE THE BANK HAS  
BRANCHES**

The principal port of East Africa is Mombasa, situated on an island, with two harbors. Starting from this point, where the bank has a branch, one may take the Uganda Railway through British East Africa to Victoria Nyanza (Lake Victoria), there being branches of the bank on the railway line at Nairobi, Nakuru and Kisumu—the latter point being at the terminus of the railway on Victoria Nyanza. This part of the country abounds with lions and other large game. Crossing Victoria Nyanza, branches of the bank are found at Kampala and Jinja.

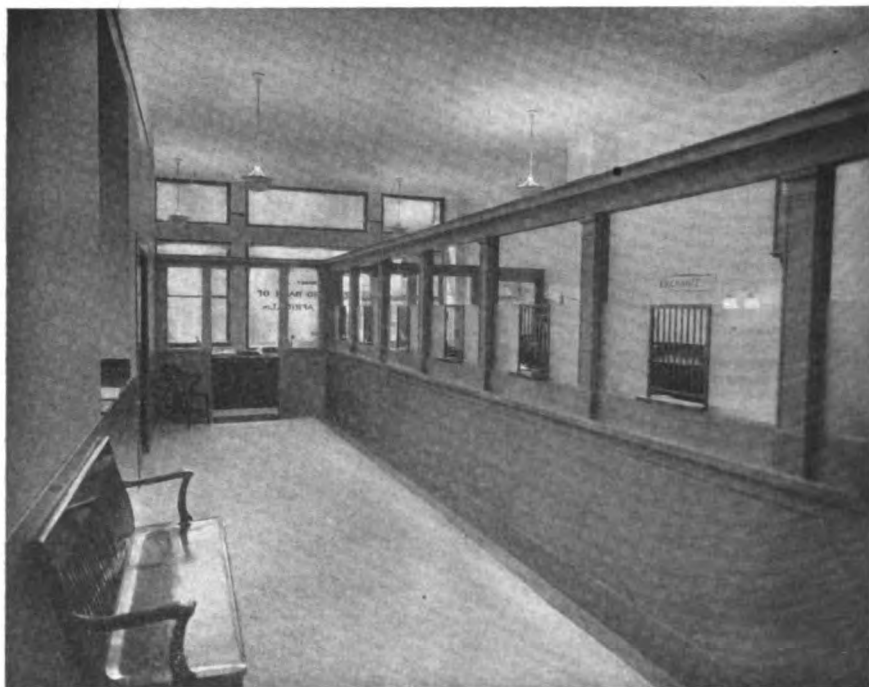
From this part of British East Africa one enters what was formerly German East Africa, but now designated as "Occupied Territory," encountering branches of the bank at the two ports—Tanga and Dar-es-Salaam. This latter



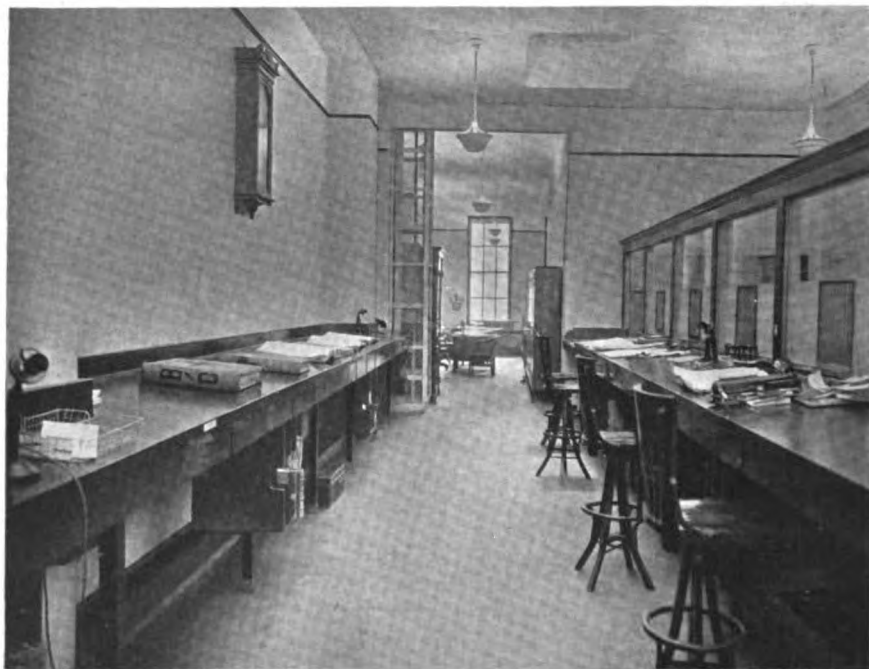
**CHARLES MACKAY**  
Chief Accountant New York Office Standard  
Bank of South Africa Ltd.



**Officers' Quarters New York Office Standard Bank of South Africa, Ltd.**



Partial view of public space in main banking room, New York Office Standard Bank of South Africa, Ltd.



Behind the counter screen, New York Office Standard Bank of South Africa, Ltd.



Mailing and Bookkeeping Department New York Office Standard Bank of South Africa, Ltd.

place, whose English equivalent is "Haven of Peace," hardly sustained its name when the recent war broke out, as it was bombarded early in the conflict. Traveling by rail from Dar-es-Salaam one passes Tabora and reaches Kigoma, the old name of which was Ujiji, and the point where Stanley found Livingstone. Besides the branches mentioned above, there are others at Tabora and Muanza. Coming south Zanzibar is reached. This is the largest city in East Africa, a most interesting point for tourists, and with a climate not unhealthful for Europeans. Continuing along the coast in a southerly direction, we reach Beira, thence going by rail into Rhodesia—a country equal to one-half the size of Europe, and which was added to the British Empire largely through the foresight of Hon. Cecil J. Rhodes, in whose honor it is named.

The Standard Bank of South Africa has now some sixteen branches and agencies in Rhodesia, quite fully covering the principal points in this large and fertile region.

Further south a branch is established at the important port of Lorenzo Mar-

ques, or Delagoa Bay as it is quite commonly known, and yet farther down we come to Durban, the capital of Natal, and in this province there are also some eighteen branches or agencies. We are now in the Union of South Africa, composed of the Transvaal, Orange Free State, Cape Province and Natal, in all of which the Standard Bank of South Africa has many branches and agencies, forming in fact a veritable network of banking offices. There are also branches on the west coast—Protectorate of South West Africa.

#### THE NEW YORK AGENCY

The growth of the bank's business in general and especially the increased trade, relations between South Africa and the United States, led to the decision to establish a New York agency of the bank, which was opened February 1, 1905. As may be seen from accompanying illustrations, the New York offices of the bank, which are at 68 Wall Street, are modern in every respect.

The New York agent of the Standard Bank of South Africa is W. H. Macintyre. He is a native of England, but



Section of Filing Department New York Office Standard Bank of South Africa, Ltd.

has been a resident of New York for many years. His experience in foreign and colonial banking is extensive. As early as 1878 he was sent from London to the West Indies and British Guiana, in the service of the Colonial Bank, of which bank he later became the New York representative. He resigned from this position in 1897 to take charge of the business of Messrs. Gillespie Bros. & Co. of London and New York, which position he held until 1902, when he became assistant general manager of the International Banking Corporation. In the interests of this institution he went to Europe, thence to India, the Straits Settlements, China and Japan, returning to this country by way of the Pacific. Subsequently he went to Mexico in the same interest, returning later to Mexico, and then again to New York. In 1905 he resigned from the International Banking Corporation, having been invited to London for a conference with the directors of the Standard Bank of South Africa. As a result of this conference the New York agency of the bank was established with Mr. Macintyre as agent. The success which the agency has achieved since beginning business in New York

has been due very largely to the intimate practical knowledge of foreign banking operations which Mr. Macintyre has gained through his long experience and to his strong and agreeable personality.

Charles MacKay, who acted as agent of the bank from May, 1917, to the end of January, 1918, while Mr. Macintyre was abroad, started his banking career in the Clydesdale Bank, Dumfries, Scotland, and from there went to the London and Provincial Bank in London, and later was for some years in the London office of the Standard Bank of South Africa, coming to the New York agency in 1905, where he has since remained.

#### OUTLINE OF THE BANK'S HISTORY

The great commercial and financial power of the British Empire has been extended and consolidated by the character of its domestic and foreign banking institutions, which have displayed a high degree of enterprise and skill, combined with exceptional safety. From London as their base, foreign and colonial banks have carried the sound traditions and practices of British bank-



Johannesburg Office Standard Bank of South Africa, Ltd.

ing into almost every corner of the earth. Typical of the colonial banks is the Standard Bank of South Africa, Limited, whose organization dates back to 1862, a time when the territory wherein now it chiefly operates was in the primitive stage of its development.

Organization of the bank was favored by circumstances, the year 1862 being one of great activity in forming new banks. This was due, to a considerable extent at least, to the enactment of the English Companies Act, permitting the organization of banks with limited liability. As a matter of fact the Standard Bank of South Africa was among the earliest institutions to register under the new law. Trade and production in the Cape Colony had been growing for some years, and with impending improvements in means of communication the time was deemed opportune for enlarging banking facilities. Port Elizabeth merchants, under the leadership of Mr. John Paterson, were active in forming the new bank, supported in other parts of the Colony and by South African merchants in London.

At the outset the capital of the bank was fixed at £1,000,000 in 10,000 shares

of £100 each, with power to increase to £2,000,000. By the time of closing subscriptions application had been made for 43,000 shares, and before allotment premiums of from 30s. to 40s. were offered.

As was to be expected, the limited liability feature of the law under which the bank was organized occasioned some criticism on the score of being too liberal. In the case of the Standard Bank of South Africa this objection was met by fixing a reserve liability of £75 on each £100 share, thus offering a compromise between the principle of limited and unlimited liability.

It has been said that at the time of the bank's origin, the country in which it was to do business was in an undeveloped state. Africa was still known as the "Dark Continent," and with the exception of Egypt and the colonies of the Cape and Natal, the area beyond the fringe of coast line was mostly a blank space on the map. The overseas export trade of the Cape Colony and Natal barely exceeded two millions sterling (as against £65,000,000 in 1914). The diamond fields and gold mines were undiscovered, the ostrich



Cape Town Office Standard Bank of South Africa, Ltd.



Interior view of Cape Town Office Standard Bank of South Africa, Ltd.



Mombasa Office, East African Protectorate, Standard Bank of South Africa, Ltd.

feather industry had scarcely been started, mohair was almost non-existent, and wool shipments were valued at little more than a million and a quarter sterling annually.

The first directors of the bank were: John Paterson, chairman; Thomas Stenhouse, deputy chairman; James Black, Alexander Croll, William Duthie, S. Bolton Edenborough, Alfred Jarvis, John Torrance, Edward Weston and Robert White.

The first location of the Standard Bank of South Africa was at Port Elizabeth, the offices occupied being over those of the Commercial Bank, an institution whose business was soon absorbed, as were several other banks.

On August 19, 1863, these gentlemen were named to form a local board of directors at Cape Town: W. J. Anderson, William Berg, G. S. Holmes, Thomas Jones, James Murison, John Shepperd, John Spence. In the instructions laid down by the bank's chairman for the guidance of the local board, it was stated that the aim of the institution was to become more or less a national bank of South Africa, and to have branches in all the chief towns of

the country—a purpose which has been consistently carried out.

From time to time other local boards were named, but later it developed that these boards tended to a decentralization of control and it became necessary to curtail their powers.

In the year 1863 at an extraordinary general meeting of the shareholders a resolution was passed increasing the capital of the bank to £2,000,000 by the issue of 5,000 additional shares of £100 each.

The first ordinary general meeting of shareholders was held October 2, 1863, and it was found that success had attended the bank's proceedings in all respects. As some banks in that period had been launched with heavy promotion expenditures, it was considered a matter of special satisfaction that this bank had been started with a preliminary expenditure of but £2,200.

Very early in the bank's history the policy was established of paying out smaller dividends than the earnings justified and placing a substantial amount in the reserve fund. That this policy was a prudent one, events soon demonstrated, for owing to unsatisfactory conditions of one kind and an-



Salisbury, Rhodesia, Office Standard Bank of South Africa, Ltd.

other, the bank was soon called on to write off losses of quite substantial sums.

The head office of the bank in London was originally in Moorgate street, but it was afterwards moved to 101 Cannon street. In 1867 the premises at 10 Clement's lane were acquired, and the building has been several times materially enlarged to accommodate the large increase in business.

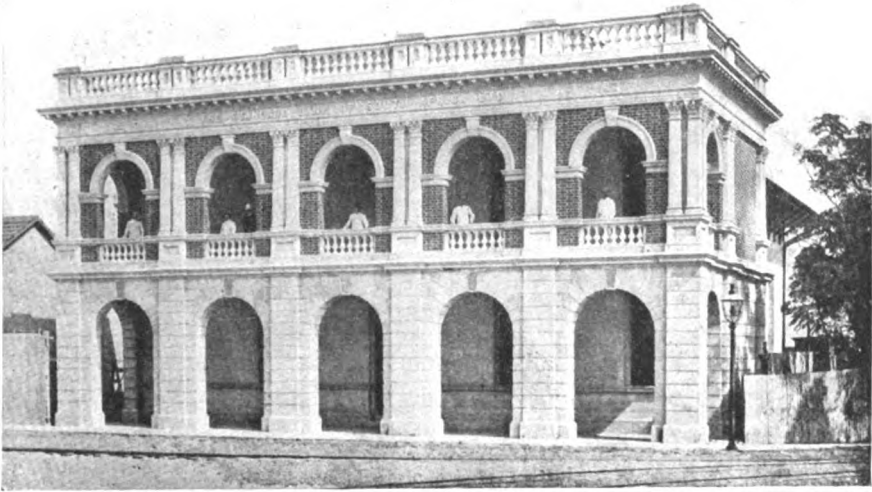
The discovery and development of the diamond fields was, of course, the main factor in the rapid expansion of South African business which was the great feature of the seventies, but general trade was also expanding. Owing to the improved situation, the bank was able to increase its dividend rate and also to add to the reserve.

In 1870 the bank acquired the Cape Town premises it had been occupying since 1864 under lease. The premises had been planned originally for banking use, and served the bank's purpose for twelve years, when the growth of business made it necessary to move into the present structure, which is opposite the original premises.

Prestige came to the bank in 1875 by its appointment as sole bankers to the Government of the Cape Colony, an appointment which the bank continued to hold until the absorption of

the Colony into the Union in 1910, since which date it has been the bank of the Government of the Union in the Cape Province. Early in 1877 the Transvaal was annexed by the British Special Commissioner, and the banking account of the new Transvaal Government was entrusted to the Standard Bank. By the year 1879 some 650 miles of railways and 3,000 miles of telegraph wires had been completed. The bank had forty-three branches in operation, and of the total of £1,057,000 held in specie in Cape Colony the Standard Bank coffers alone held £703,000. Its position was sound and the business large and profitable.

An interesting chapter in the bank's history relates to its exclusion from the Orange Free State, where operations had been extended at the outset of the bank's career. Its loss of the right to do business there came about in this way. The Bloemfontein Bank had issued its notes which came into possession of the Standard Bank, which demanded payment. No specie was obtainable, and bills were accepted. Finally, when the Standard Bank pressed for payment of the notes, friends of the Bloemfontein Bank succeeded in having the Volksraad pass a measure excluding "foreign banks," and the Standard Bank was kept out of the



Beira Office, Portuguese East Africa, Standard Bank of South Africa, Ltd.

country until Lord Roberts entered Bloemfontein in 1900.

#### LONDON AND SOUTH AFRICAN BANK ABSORBED

In June, 1877, terms were agreed on by which the whole of the assets of the London and South African Bank, valued at £323,000, were purchased by the Standard Bank. As a result of this absorption, besides effecting an increase of capital and securing the good will and business of an old-established and rival bank, the Standard Bank added,

from realization of the acquired assets. £95,000 to the reserve fund.

War expenditures, speculation in diamond shares, overtrading and political unrest, brought on a severe crisis in 1881, and by the middle of 1883 the Standard Bank found that it held overdue paper amounting to £350,000 or five per cent. of the total bills in its hands. This was bad enough, but far better than the position of the other banks, which held fifteen per cent. on past-due bills. Heavy losses had to be provided for, and the Standard Bank alone took £130,000 from its reserve



Standard Bank Officers on their way to open a Karoo Branch



CAPE TOWN, HARBOR AND TABLE MOUNTAIN IN THE DISTANCE

Cape Town is one of the important ports on the African coast. Its population in 1914 was 155,418. The greatest charm of the place, entitling it to rank with Naples, Rio Janeiro and San Francisco as one of the beautiful seaports of the world, is the mountain which rises behind the town in a sheer precipice to a height of 3,582 feet. Cape Town is the Legislative Capital of the Union of South Africa and is a University City.

fund for this purpose apart from direct appropriations from profits.

Although the year 1883 was not a particularly bright one in the bank's history, for the reasons above stated, it nevertheless marked an important event—the opening of the new building at Cape Town. This new building was regarded by some as far beyond the needs of the day, but as a matter of fact it soon proved too small, and has been three times enlarged.

The speculation engendered by the diamond discoveries was to have its parallel in the excitement caused by the finding of gold in 1871, and from that time until 1889, when the speculation was temporarily checked, inflation went on at a rapid pace, prices rising at one time 300 per cent. in about two months. At the close of 1894 the great prosperity of the gold mining industry again attracted the attention of European investors, and during 1895 there was an influx of oversea capital into South Africa on a scale never before experienced. Speculation supervened, and this with political complications and heavy taxation had a depressing effect. In time South Africa became the leading contributor to the world's output of gold, and it is an evidence of the commanding position of the bank that for the forty years prior to 1912 about one-third of the South African product had passed through its hands.

In February, 1890, the Wellington Bank was taken over by the Standard Bank. About this time there was considerable distrust and more than one bank succumbed to it. While the note issues of the other banks showed a decline of sixty per cent. the circulation of the Standard Bank fell off only fifteen per cent. The confidence of the public in the Standard Bank was further shown by the fact that it held on floating deposit more than three times the amount entrusted to all the other banks combined, while its advance business was double theirs.

From 1899 to 1902 the Standard Bank experienced the most exciting and trying time of its career. This was the period which comprised the Boer



Bulawayo, Rhodesia, Office Standard Bank of South Africa, Ltd.

War. Many branches were necessarily closed, while others were maintained under great difficulties. Officers and employees were called on for military service, and considerable sums of the bank's gold were commandeered. But the strength of the institution was never more clearly shown, and especially by its services in financing the war.

There was a period of excessive activity and inflation culminating in 1903, and followed by a severe depression. This depression was accentuated by a severe check to the diamond industry, which was largely due to the crisis in America. The passing of the Act of Union and the consolidation of the four leading South African Colonies under



Bulawayo, Rhodesia, Original Premises Standard Bank of South Africa, Ltd.

one Government did a great deal to restore confidence and improve business.

#### EXTENSION OF THE BRANCH SYSTEM

When the country settled down after the war, there was a rapid extension of the branch system of the bank. The extent to which the branches have multiplied may be seen from the accompanying statement of location and number of present branches and agencies.

Cape Province .....	135
Natal .....	19
Orange Free State.....	21
Portuguese East Africa.....	2
East Africa Protectorate .....	5
Uganda .....	2
Transvaal .....	45
Basutoland .....	1
Rhodesia .....	16
Nyasaland .....	1
Zanzibar Protectorate .....	1
Southwest Africa Protectorate.....	3
Occupied Territory, German East Africa .....	4

From the balance-sheets is taken the accompanying information, showing the bank's growth in recent years:

31st Dec.	Paid-up Capital	Reserve	Deposits	Total Assets
1907 .....	£1,548,525	£1,900,000	£18,377,856	£26,171,558
1912 .....	1,548,525	1,980,000	20,845,263	28,775,102
*1917 .....	1,548,525	2,000,000	29,596,591	39,727,419

\*June 30.

#### STATEMENT OF LIABILITIES AND ASSETS, 30TH JUNE, 1917

Dr.		£	s.	d.
Nominal Capital .....	£6,250,000	0	0	
Capital Subscribed: 309,705 shares of £20 each....	6,194,100	0	0	
Called up £5 per share.....		£1,548,525	0	0
Reserve Fund .....		2,000,000	0	0
Notes in Circulation .....		1,759,421	10	0
Deposit, Current and other Accounts, including Profit and Loss Account .....		29,596,591	4	11
Drafts Outstanding and Acceptances under Credits.....		1,420,531	14	5
Customers' Bills for Collection, per contra.....		3,402,350	3	1
<b>Total .....</b>		<b>£39,727,419</b>	<b>12</b>	<b>5</b>
<b>Cr.</b>				
Cash in hand .....	£3,119,290	7	3	
Cash at Bankers, and at call, and short notice....	2,459,370	11	6	
		5,578,660	18	9
Remittances in transitu .....		1,139,698	17	11
Native Gold on hand .....		16,921	10	9
Investments in War Loan, Exchequer Bonds, Colonial Government, Municipal and other Securities (including deposits of stock with Union Government) .....		3,755,717	8	10
Bills of Exchange purchased and current at this date.....		5,628,253	5	9
Bills Discounted and Advances to Customers (including Stock Exchange Loans under Treasury Minute of 31st October, 1914), after making full provision for Bad and Doubtful Debts and Contingencies.....		19,579,546	14	0
Customers' Bills for Collection, per contra.....		3,402,350	3	1
Suspense Items pending returns from Hamburg Agency.....		56,771	6	9
Freehold Premises in London at cost, less amount written off....		60,000	0	0
Bank Property and Premises in South Africa and Hamburg at cost, less amounts written off.....		471,352	14	10
Furniture and Fittings .....		26,207	7	7
Stamps, Stationery, and Open Policies.....		11,939	4	2
<b>Total .....</b>		<b>£39,727,419</b>	<b>12</b>	<b>5</b>



The Sherman National Bank, Fifth Avenue at 32nd Street, New York

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## The Sherman National Bank of New York

**An Institution That is Keeping Pace with the Development  
of the Great Uptown Business District**

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**O**NE of the striking features of New York's growth is the rapid and substantial development of what is known as the uptown business district, bounded by Twenty-third street on the south and Forty-second street on the north, and embracing tex-

tile and other manufacturing concerns, jobbing houses in many lines, and some of the largest retail establishments in the world. From a business point of view the area has perhaps no equal in the United States. Traversing the section from north to south is the most



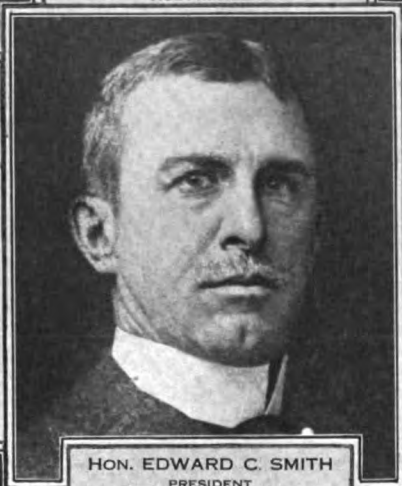
CHARLES G. COLYER  
VICE-PRESIDENT



WALDEMAR EITINGON  
VICE-PRESIDENT



MAX RADT  
VICE-PRESIDENT



HON. EDWARD C. SMITH  
PRESIDENT



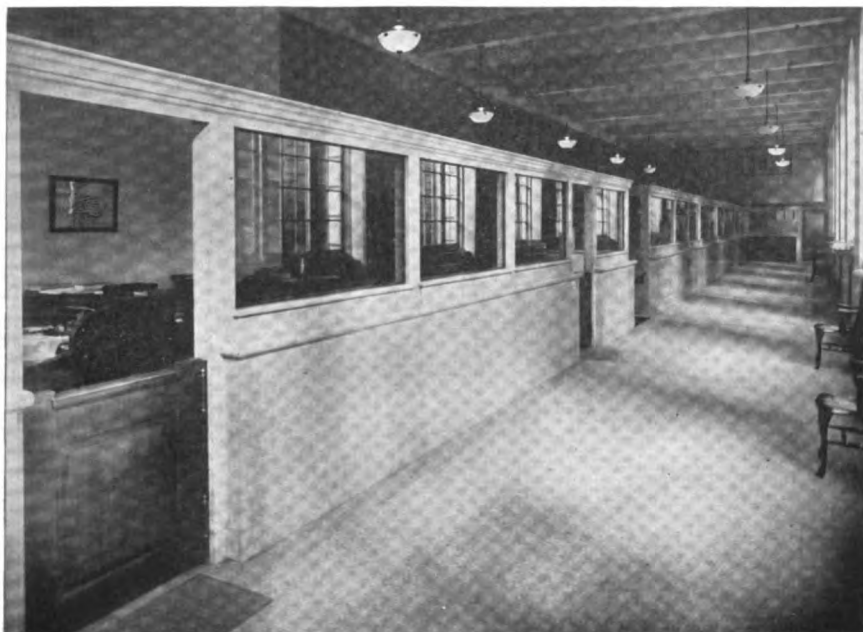
W. A. RADFORD  
VICE-PRESIDENT



CHARLES W. HODSON  
CASHIER



WILLIAM E. DOBBIN  
ASSISTANT CASHIER



Corridor of Main Banking Room from Fifth Avenue Entrance

famous thoroughfare in America—Fifth Avenue. It is not only famous as an avenue of wealth and fashion, but is one of the great business arteries of the world.

Situated at the heart of this huge industrial and mercantile district is the Sherman National Bank, at the corner of Fifth Avenue and Thirty-second street. From the time of its organization, in 1907, until January, 1918, it occupied quarters at Thirty-third street and Astor Court, but in 1917 it erected its present building, and moved into it in January of this year. The building is an ideal structure for bank purposes, and its attractiveness and many conveniences make it a pronounced feature of one of the busiest square miles in America. It is an example of what may be accomplished in the treatment of a banking room when simplicity is made the keynote.

The building was specially planned for the accommodation of the bank, and the dimensions of the plot were such as to give nearly an ideal banking room, the dimensions of the room being 140 feet in length by 34 feet in width, with

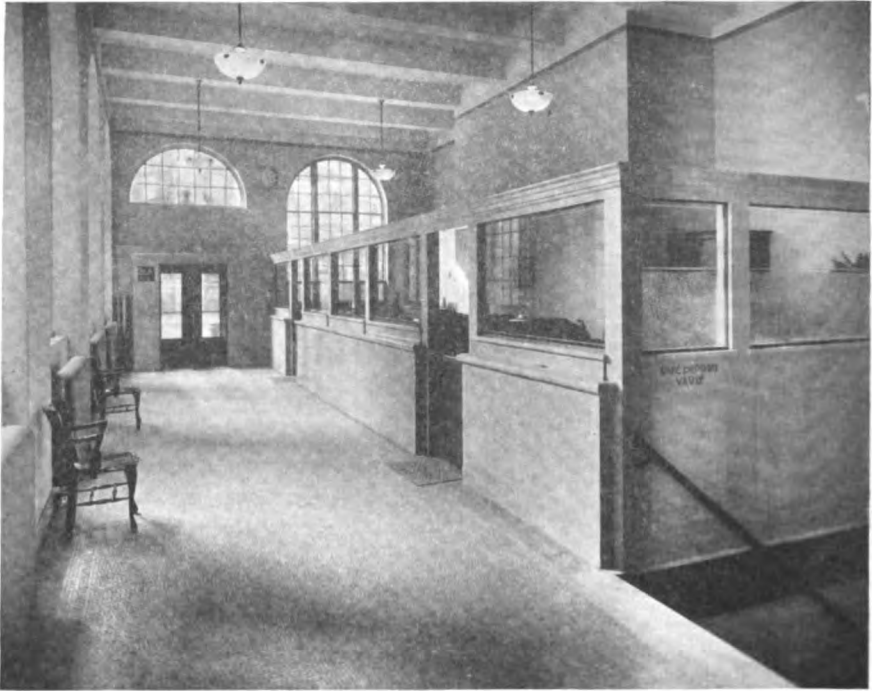
the deduction of a minimum of space for entrance hall and elevators to the upper floors.

From the bank entrance a broad public space extends almost the entire length of the room. This public space is contained between the south exterior wall of the building, pierced by a series of large arched windows and the bank screen, which is continuous on the north of the space.

The continuous bank screen returns



Officers' Quarters, Sherman National Bank, New York



Fifth Avenue Entrance to Main Banking Room, Officers' Quarters, and Stairway to Safe-Deposit Vaults

at either end of the public space, thus containing the entrance door at one end and doors to working space at the other. This screen is entirely of Botticino marble with borders and flat panels. The upper panels are of glass throughout. Clear glass is used in that section containing the reception space and officers' desks, while in the section enclosing the tellers' cages the glass is

chipped to the height of the bronze grille set behind the screen.

A simple mosaic floor in pattern is laid in the public space and officers' space, and cork tile has been adopted as the floor covering for all working spaces and tellers' cages.

The architectural treatment of the room is simplicity itself, the structural beams of the ceiling being tinted without other elaboration and the walls treated in a light stippled color with a pattern border. The effect as a whole is one where a certain degree of richness in treatment is combined with such simplicity as makes for a thoroughly business-like appearance and gives a feeling of complete ease and comfort to the visitor.

The sometimes oppressive richness of elaborately paneled and coffered ceilings is wholly avoided without loss of dignity or suitability.

An admirable safe deposit vault system below the main floor is reached by a generous and easy stairway, and the directors' rooms are in a mezzanine floor



Another View of Officers' Quarters, Looking toward Fifth Avenue



Board Room, Sherman National Bank, New York

## GROWTH OF BANK SINCE ORGANIZATION

Date.	Capital.	Surplus and Profits.	Deposits.	Total Resources.
Dec. 3, 1907.....	\$120,000	\$ 33,000	\$ 404,000	\$ 607,000
Nov. 27, 1908.....	200,000	53,000	1,245,000	1,639,000
Dec. 5, 1911.....	200,000	54,000	1,434,000	2,022,000
Oct. 31, 1914.....	200,000	87,000	2,227,000	2,881,000
Nov. 17, 1916.....	300,000	136,000	4,196,000	4,025,000
Dec. 31, 1917.....	500,000	195,000	5,538,000	6,408,000

over part of the working space and overlooking the banking room. The architects are Shape, Bready & Peterkin of New York.

## THE BANK'S PROGRESS AND PERSONNEL

The Sherman National Bank of New York was organized and commenced business on November 6, 1907, with an authorized capital of \$200,000 and a surplus of \$50,000. Edward Curtis Smith was the president, William H. Maclay, vice-president, and Charles G. Colyer, cashier.

The bank's first statement was made

on December 3, 1907. Its growth since that date is seen by the accompanying figures.

The personnel of the bank's executive staff and board of directors comprises a large part of its strength, and explains the hold which it has upon the community. The gentlemen are all business men of the highest character, and their training and experience especially fit them for the work of building up a bank in a region where enterprise, thrift and integrity are the essentials.

Hon. Edward Curtis Smith, president, was born in St. Albans, Vermont, on January 5, 1854, and is the son of

Vermont's famous war Governor, John Gregory Smith, who was also president of the Central Vermont Railroad. His mother was Ann Elizabeth Brainerd Smith. His grandparents were John Smith, member of Congress, and Lawrence Brainerd, a United States Senator from Vermont. Mr. Smith lived in St. Albans until he was fourteen years of age. After attending the public schools he prepared for college at Phillips Andover Academy and graduated in 1871. Four years later he graduated from Yale, where he was a member of the "Skull and Bones Society," and played left field on the 'varsity nine for two years. He attended Columbia Law School and graduated from there in 1877. He practised law until 1881, when he entered the railroad field and was elected a director and vice-president of the Central Vermont Railroad the same year. He became president in 1891, receiver in 1895, and president of the reorganized company from 1899 to 1902. He has been president of the Central Railway Company from 1913 to date. He was Governor of the State of Vermont from 1898 to 1900. He is a director and member of the executive

committee of the St. Joseph Lead Company of New York; chairman of the Board of the Welden National Bank and president of the People's Trust company, both of St. Albans, Vt. In company with a number of friends, Mr. Smith organized the Sherman National Bank of New York in 1907, and has been president from that time until the present. He is a member of the Yale, University, Union League and New York Athletic Clubs.

Charles G. Colyer, vice-president, was born in Newark, N. J., and educated in the public schools there. Graduating from Newark High School in 1890, he immediately entered the employ of the Essex County National Bank of Newark. In 1902 he became treasurer of the City Trust Company of Newark and resigned in 1907 to become cashier of the Sherman National Bank of New York; was elected vice-president April 27, 1912. He is also a director of the Firemen's Insurance Company of Newark, N. J.

Waldemar Eitingon, vice-president, was born in Russia in 1884, and came to America when only seventeen years old. He engaged in the fur business,



Twenty-five Ton Vault Door Open, Interior View Showing Section of Safe Deposit Box and Emergency Door in Rear

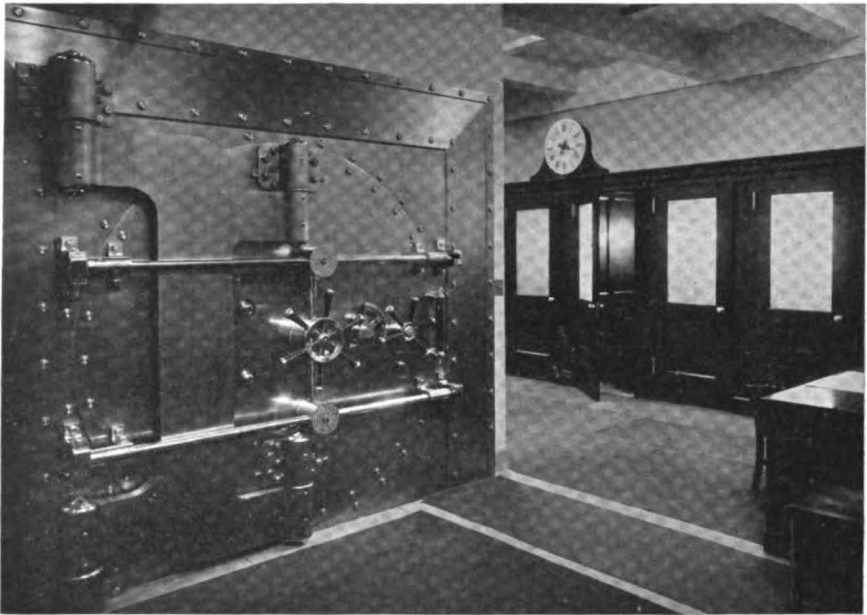
and so indefatigable was he as a worker and so sagacious was his business sense that he succeeded in establishing a large business in that line. He is president of the Eitingon-Schild Company, president of the Eitingon Realty Company, vice-president of the International Brokerage and Clearing Company, and in addition to being vice-president of the Sherman National Bank is a member of its finance committee.

Max Radt, vice-president, has resided

ager of one of their offices in the West.

Charles W. Hodson, cashier, was formerly connected with the Aetna National Bank, New York city, leaving that institution in 1907 to enter the Sherman National Bank. He was appointed cashier October 25, 1916.

William E. Dobbin, assistant cashier, was born in New York city. He was with the Fifth Avenue Bank of New York for eight years and one year with Fisk & Robinson, members of the New



Vault Door Closed—Section of Coupon Booths

in New York for the past thirty-eight years. Previous to his banking experience of twenty years, he was in the woolen business.

W. A. Radford, vice-president, prior to his election as an officer of the Sherman National Bank of New York, was connected with the National Bank of Commerce in New York, with which institution he received his bank training. Previously he was connected for a number of years with the firm of R. G. Dun & Company and was man-

ager of the New York Stock Exchange. He entered the employ of the Sherman National Bank of New York at its formation in 1907, and was elected assistant cashier in March, 1918.

It will be seen that in its location, banking rooms, official staff and all that goes to make up a thoroughly successful banking institution, the Sherman National Bank occupies a very strong position. The solid record of growth presented above affords a sure basis for the future.

# A Centenarian Who Is an Active Bank Director

**T**HAT is a unique distinction which belongs to the Farmers and Mechanics National Bank of Frederick, Md.—having a director who has celebrated the one-hundredth anniversary of his birth and who continues to attend board meetings and take an active interest in the bank's affairs. Joseph G. Miller is the gentleman who enjoys this rare honor. He was born in Berkeley County, Va., February 20, 1818. His early life was passed in farm work, but at the age of sixteen he went to Frederick and found employment in a store, and not long after entered into mercantile business on his own account. After twenty-three years of success in this line he sold his inter-

ests and bought a farm. After eight years he sold his farm and returned to Frederick, where he remained for five years and then again resumed farming, to which he has since given his chief attention.

Mr. Miller had only a common school education, but he was endowed by nature with superior mental gifts, which were developed by constant exercise in the training school of life.

He served four terms as a member of the Board of County Commissioners of Frederick County, has been a trustee of the County Home for the Poor, and also a member of the Board of Charities and Corrections. He has always been interested in public improvements; was active in the management of the Frederick and Monocacy Turnpike Company and for forty years its treasurer. He has been for many years a director of the Farmers and Mechanics National Bank of Frederick, and a member of the directorate of the Mutual Insurance Company of Frederick County since February, 1879.

His discharge of duty in all positions of trust has been marked by the highest business intelligence and the strictest integrity. He has been upright in all his dealings and conscientious in the discharge of every duty, public and private.

The great success that has attended his efforts in his mercantile and agricultural pursuits, as well as in all his business ventures, was not secured by luck, but has been the natural result of well directed, intelligent effort, backed by untiring industry and energy and an earnest determination at all times to adhere to his convictions of right.

It is a great pleasure for THE BANKERS MAGAZINE to give recognition to Mr. Miller's sterling qualities and to his long and active life. The picture of him presented above was taken on the one-hundredth anniversary of his birth.



JOSEPH G. MILLER

Director Farmers and Mechanics National Bank,  
Frederick, Md., who recently passed his one-  
hundredth birthday



**J. C. BERNALES**

President of Peruvian Senate, Vice-President  
Central Cable Co., General Manager National  
Tax Collecting Co.



**JOSÉ PAYÁN**

General Manager Banco del Peru y Londres

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## Peru—Its Political, Financial, Industrial and Commercial Situation

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By **J. LAUREANO RODRIGO**

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**I**T is still necessary, when speaking about Latin American countries, to mention their political situation. In Peru, political activities are running along normal lines.

President Pardo has wisely led the internal politics of the country. He has consolidated the internal political situation. Before his election to the Presidential chair, the economical situation of the country was not good. Señor Pardo immediately began to restore the national confidence in the Gov-

ernment, by setting in order the financial affairs of the nation, introducing economy where had hitherto been waste, and regularizing the services of the national debt, which he succeeded in reducing to a very important extent. Another notable thing due to Señor Pardo's energy was the tremendous impulse given to industrial life.

The election of Señor Pardo was the result of the drawing together of the principal political parties, symbolizing the national spirit in their choice of



EDUARDO HIGGINSON  
Consul-General of Peru at New York

candidate, and above all the need of the hour. His Presidency has realized the hopes which were formed for it.

The political tendencies which worked for Señor Pardo's election in the course of their natural development are now pointing to Señor Bernales as his successor. The entire country has sufficient faith in Señor Bernales' experience to know that when he takes up the reins of state there will be no looking backward.

It is not intended to attempt to predict the future, as there are three other candidates beside Señor Bernales, the aim being merely to give our friends in the United States a clear idea of the political situation in Peru.

Señor Bernales has played many important parts in his life, gathering from each a rich harvest of experience. Traveling extensively in the most important countries of the world, applying the results of his studies to the national problems of his own country

as Senator, business man, lawmaker, leader of opinion, and later President of the Senate, he is inevitably becoming the one man capable of carrying on Señor Pardo's good work, and guiding this young and robust state into the accomplishment of its destiny.

Dr. Javier Prado, Rector of the University of Lima, formerly Senator and Secretary of State; Señor Augusto Leguia, at one time President of Peru and who is now living in London, where he is engaged in banking; and Señor Antero Aspíllaga, one-time candidate for the Presidency of the Republic, Senator and business man, are the three other candidates who represent the various parties, practically all different factions of the old party, called *Civilista*. The elections will take place in one of the last months of this year, and the new Administration will begin on August 18, 1919.

#### GENERAL ECONOMIC SITUATION

The general situation of the country from an economical point of view is good. The banks have plenty of money, and deposits have reached a higher figure than ever before. The foreign exchange shows a rate favorable for the country, sometimes with a high premium. Practically speaking, the reserve in gold is in excess of the paper currency.

The national industries are in a period of remarkable growth and development, and the annual production, in spite of the fact that it is greater than ever before, cannot fill the entire demand. Import trade, on account of war conditions, is restricted, and this means an abnormal excess of export trade compared with the import trade.

An important event in the national industrial life was the meeting of the National Mining Congress, inaugurated the last day of the last year by President Pardo. The president of the Congress was Señor Ricardo Bentin, Vice-President of the country. Señor Bentin holds a leading position in mining circles of Peru, and his very considerable fortune was made by his own efforts entirely, thus constituting him

the type of the genuine self-made man of South America.

It is mentioned as a significant fact indicative of the favorable condition of the general situation that at the end of the last year there were in Lima nearly 1,000 privately-owned automobiles, almost all of which were imported in 1917, while in 1879, when Peru experienced its best economic period, there were only 270 private coaches. Many more than that number of coaches are still used in urban traffic, beside automobiles for public hire.

The excellent condition of the National Treasury is shown by the resumed construction of many public works all over the country, which had been suspended during the first years of the war, and also new constructions which are being started.

Real estate in the country and city is doubling and trebling its value before the war.

#### BANKING

After successfully weathering the economic crisis which the beginning of war caused the country, the banks are now greater and stronger than before, owing to the consolidation of their resources and clearing up of their accounts. The deposits are daily increasing, and the people have perfect confidence in the institutions.

The following figures are enlightening:

Cash reserve, June 30, 1917.....	£2,846,190
Cash reserve, June 30, 1916.....	1,722,120
Deposits, June 30, 1917.....	5,627,958
Deposits, June 30, 1916.....	2,451,096
Discounts and advances, June 30, 1917 .....	2,177,644
Discounts and advances, June 30, 1916 .....	2,222,878

#### BANCO DEL PERU Y LONDRES

The Banco del Peru y Londres is the leading bank of the country, as well as the oldest. This institution has experienced a great increase in its business during the last two years, the figures covering that period showing that business has been greater than ever before. This bank is really a national,



Facade of the Banco del Peru y Londres at Lima

rather than a private, institution. It is engaged in practically all the vital business of the country. The principal industries of Peru and the domestic commerce have always had the support of this bank. It is also the principal credit institution for all governmental business. The leading commercial and industrial corporations of the country are also controlled by the Banco del Peru y Londres, whose director general, Señor José Payán, founder of the bank, is president of a number of leading corporations, such as the National Tax Collecting Company, founded by him by order of the Government, the Clearing House, the Stock Exchange (both of which were founded by him also) and many others, the total capital of which amounts to some hundred millions.

Regarding Mr. Payán's many activities in Peru, there is space here to men-



One of the steamers of the Peruvian Steamship Co.

tion only a few of his most important accomplishments. Many of Peru's banking and commercial laws are due to his initiative and constant work. The monetary system of the country owes its success to him.

He is responsible for the successful solution of the problems which the war created in Peru, such as the financial and commercial crisis, and especially the monetary problem, which problem was caused by the hoarding of gold and silver—the only kinds of Peruvian money before the war—which greatly restricted business.

Señor Payán has had thirty-five years of banking experience, and is an authority in financial circles all over the world, especially in Europe. He is director of some of the leading banking institutions of France, Bolivia and Argentina. Señor Payán has been in New York recently, recuperating his health.

Señor Don Pablo La Rosa is the general manager of this bank, in the growth of which he has played a very important part. As representative of the bank, he holds the presidency of the board of directors of the aforementioned institutions. Señor La Rosa has had many years' banking experience in Peru at the head of this bank, and is one of the most capable men in South American banking circles.

Mention may also be made of Señor Casabonne, manager of the branch that this bank has in Arequipa, the second city of Peru.

El Banco del Peru y Londres has its head office in Lima. The building is one of the largest and handsomest in the capital, covering half a block on

the principal business street. There are fifteen branches distributed throughout the leading cities, especially in the centers of production, and there is an agency in practically every Peruvian city.

The following figures will show the condition of the bank in the most important years of this current period:

	1913	1916	1917
Cash re-			
serve ... £	440,482	£ 765,431	£1,040,948
Deposits ..	2,870,198	1,694,161	2,512,918

#### BANCO POPULAR

This bank was founded by Señor A. Garcia y Lastres in 1899, being the result of an important movement in Peruvian financial circles. Its rapid growth has made it one of the most important banks of the country.

The Banco Popular has a capital of £220,000 and a surplus of £58,810.

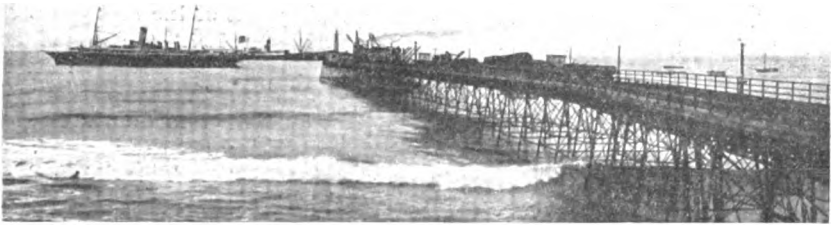
Señor Garcia y Lastres was until last year Minister of Finances in Peru, and his record of service is universally recognized as very successful, coöperating efficiently with Señor Pardo's governmental plans.

At the expiration of his governmental position, Señor Garcia y Lastres resumed his connection with the Banco Popular.

#### BANCO INTERNACIONAL

This bank was established many years ago, in its own building in Calle Espaderos, and with a capital of £100,000. It was founded by a circle of men interested in agriculture, for the purpose of aiding the growth of this industry. There is a special department for the handling of mortgages, which has had decided success.

The institution has experienced a very important evolution in the last year. For the purpose of spreading its field of endeavor, the stockholders of the bank have introduced into the board of directors some gentlemen interested in the mining industry, and also new elements in the agricultural industry. The board has voted a large appropriation to be used in this new work under the leadership of Señor Pedro de



Salaverry, Peru's Most Important Port for Exportation of Sugar

Osma, a man thoroughly experienced in financial affairs, as well as the other new directors, Señores Vicente Gutierrez, Julio Barrenechea, and Messrs. Simson and Marshall.

The general manager of this institution is that very capable banker, Señor A. Porras, whose experience places him among the leading authorities in his field.

#### BANCO ITALIANO

The Banco Italiano, created by the leading Italians of Peru, represents the interests of the Italian colony in that country, whose wealth and industries are becoming more and more Peruvian. As a matter of fact, they are now well identified with the national life. The bank was established in Lima in 1889, where it has its headquarters. Its capital has steadily increased to its present figure, £200,000. The bank is extending its influence to the most important cities of the country, having four branches (all of them in southern provinces), and agencies practically all through Peru. The institution has become especially active in the last three years, increasing its surplus to £113,330.

Signor Guido Pedrazzini was until last year the general manager, and took advantage of the opportunity to show his ability as a banker. The president of the bank is Signor Luis Sanguinetti, who is well known in the highest business circles of South America. Signor Sanguinetti is a good example of the self-made man, and shows the possi-

bility of a foreigner in Latin-American countries making a fortune on a large scale.

#### MONEY

For the purpose of solving the problem caused by the hoarding of gold as a consequence of the panic experienced in the first days of the war, there was a system of paper currency established for the duration of the war, so that the gold would not leave the country.

The first step in this temporary change was to create a reserve fund of gold representing twenty per cent. of the paper issued by the banks under the special vigilance of a national institution created for this purpose only. The eighty per cent. balance was represented by other bonds.

The appearance of this kind of money in Peru was not generally welcomed by the people, because of an experience the country had many years ago when, after the war with Chili, the monetary system failed. However, this last attempt seems to have inspired increased confidence, and since more than a year ago paper money has been circulated much more freely than gold coin.

The gold reserve was also increased until now the permanent stock kept by the Junta de Vigilancia (the national institution established to regulate the currency issue) amounts to nearly seventy per cent. of the entire issue. But as the private banks have their private stock of gold, and not all the paper issued is in circulation, the amount is much more than 100 per cent.

The amount of gold coined in the last two years in the National Mint of Lima is significant. Since the coining of gold began, the yearly average was £100,000 until 1916. In 1916, £582,477 was coined, which amount was almost trebled in 1917, when the amount minted was £1,720,434. It is interesting to note that the mint is not of sufficient capacity to cover the entire demand of the public. The gold given to the mint to be coined in 1917 amounted to £2,326,975, equivalent to the whole amount in coined gold since the minting began in the country until December 31, 1916. This amount is more than twenty-three times the annual average before the war.

#### FOREIGN EXCHANGE

When the war began foreign exchange in Peru experienced a notable fall, owing to the internal depreciation of paper currency. It was a problem for the Government and the leading banks to keep stable the rate of exchange for the purpose of regulating foreign commerce, especially the import trade, and avoiding the depreciation of the national currency. But in the course of time (beginning with the last months of 1916) the rate of exchange became more favorable for Peruvian money, owing to the increasing confidence in the currency and the growth in the country's export business.

On the last day of the last year (1917) the foreign exchange quoted premiums as follows on ninety-day drafts: American gold, seven and one-half per cent.; English gold, eight per cent.; French gold, fourteen per cent.

#### NATIONAL FINANCES

The national finances of Peru have reached the highest figures in the country's history. The export duties on cereals, sugar, hides, wool and mineral products have enabled the Government to reestablish the national service, which was somewhat interrupted by the crisis of 1914-1915, thus regularizing the national debt.

The amounts of the national expendi-

tures and national resources have not only been balanced, but also show a surplus in the last two years, and the national budget has reached an amount surpassing that of the best years before the war. In 1912 (estimated as the most prosperous year in national finances before the war) the national budget amounted to £3,313,396, while the budget for 1918 was calculated at about £4,000,000. The national income for 1916 was nearly £1,000,000 more than calculated, and a greater increase was experienced in 1917.

#### NATIONAL DEBT

The future generation of the country will see the result of the great work which President Pardo has done in regularizing domestic and foreign national credit by normalizing the service of the national debt and reducing it in a very considerable amount.

On June 30 of last year the amortization of the national debt was £1,654,069, which amount represents nearly a third of the total debt. The two loans made to the Peruvian Government by the Grace Syndicate of £200,000 each are up to date in their service, and in the official report of the Minister of Finances it is stated that the first will be cancelled the 1st of April, 1918, and the second one at the end of 1919.

It was, as President Pardo said, the principal and fundamental object of the national trust, placed in his hands in a serious hour of the governmental crisis, to restore the credit of the state, and it was his constant care to rehabilitate the service of the national debt, and reduce it as much as possible.

#### ROADS AND RAILROADS

There are just now under construction many railroads in Peru, and there has been sent to Congress a bill proposing an appropriation of £500,000 for the construction of railroads, and the activity of the Government has been shown in getting material for them. Special mention might be made of the efforts of Señor Eduardo Higginson,

the Peruvian Consul General in New York, who is the dean of the consular body in the city, probably the most experienced consul in the world, and certainly the Peruvian consul who has contributed in the most practical way to the growth of the country within the vast radius of his activities.

The Government is now engaged in the construction of many roads of transcendental importance to the country. There are 1,000 kilometers of roads under construction, which will connect the principal productive zones of the country to which the railroad has not yet reached. Many other roads are planned, the construction of which will probably begin this year, according to the plans of President Pardo.

#### AGRICULTURAL CREDIT SYSTEM

For the purpose of creating a banking institution with the special aim of helping the agricultural industry of the country, a bill has been presented by the Minister of Finances for the establishment of a national agricultural bank,

which could also act in the sale and administration of national real estate properties, and other institutions of official character.

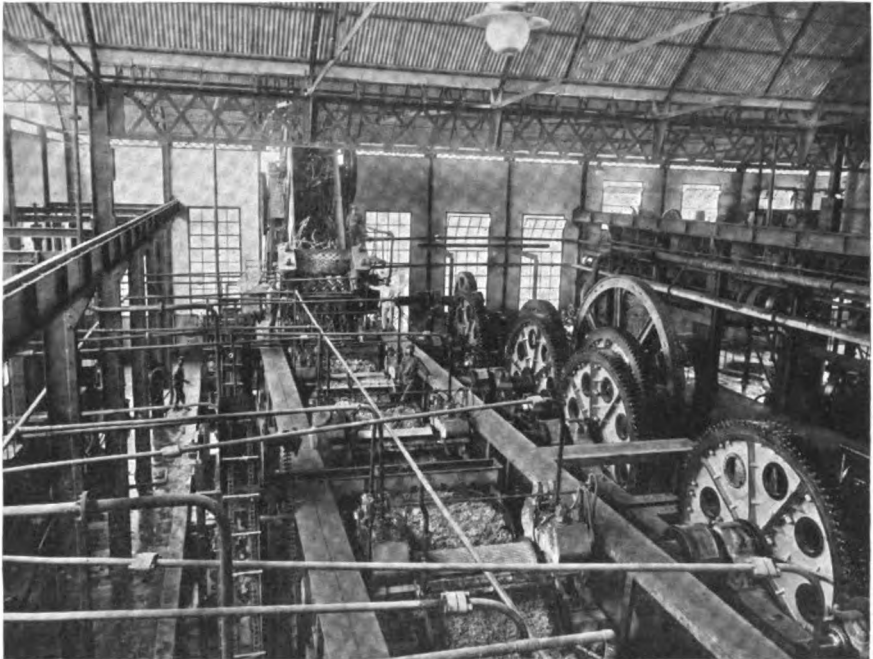
Without considering the first great field in which this bank could operate, the second suggested purpose of the bank admits of a very wide development.

The capital of the bank would be £300,000, a third interest of which would be bought by the Government.

Another important suggestion embodied in a bill by the same minister covers the creation of general warehouses for the purpose of issuing certificates of deposit called warrants, and special commercial legislation giving a sufficient guarantee to those certificates and legal value to transactions in which the certificates may be used.

#### SUGAR

The sugar industry is undergoing a period of great development in Peru. The planters are largely increasing their production, and as a consequence



Sectional View of Cane Crusher in Laredo Sugar Factory, Ygnacio Chopitea—Chama Valley, Peru



Pay day at Offices of Cerro de Casco Mining Co.

the sugar plants are being improved. In short, the industry, which was in a bad condition before the war, is now recovering its economic balance. The increased prices and the renewal of machinery made possible have stimulated the industry in such a way that the sugar production of Peru for the last two years was bigger than ever before, many of the plants doubling their capacity for production. As is shown by the statistics of export duties, the revenue from sugar has increased, which means, of course, increased production and manufacture.

The Port of Salaverry is the most important one engaged in the exportation of sugar. The entire production of the Chicoma Valley (about seventy per cent. of the entire sugar production of Peru) is exported through Salaverry.

Among the most important sugar plants of the country, special mention should be made of the Laredo Sugar Factory, which is the property of Señor Don Ygnacio Chopitea, who disregarded the prejudices of the aristocracy to which he belonged in order to engage in manufacturing, and who is now a leader in the industrial life of Peru, and a very important factor in the country's growth.

The annual production of the Laredo factory amounts to more than 100,000-000 pounds, there are 3,000 people employed all year on the plantation and in the factory and the monthly payroll is about \$100,000.

Señor Chopitea, the sole owner of this enormous plant, lives in Lima, where he has a summer and a winter

home. The writer has visited Señor Chopitea's residences many times, and has admired the collection of old Spanish furniture, paintings, valuable Inca curios, and rooms furnished entirely with family heirlooms.

#### MINING

The construction of a railroad is now under way that will unite the Central Railway of Peru with the rich coal field of Jatunhuasi, which contains 3,000,000,000 tons of coal, according to an official report. Jatunhuasi is only a few miles from iron mines, the wealth of which is calculated at 38,000,000 tons. Peruvian engineers think that after this railroad is complete it will be very easy to build blast furnaces in the country.

The most important development in the mining industry last year, as has been mentioned above, was the inauguration by President Pardo of the National Mining Congress, on December 31, 1917, under the presidency of Señor Ricardo Bentin, who has been called the genuine representative of Peruvian miners. The inauguration of the Mining Congress is the second step in the mining industry of Peru, the first step being the creation of the National Engineering School in 1876 by President Pardo, the father of the present executive. The value of the annual production at that time was £800,000, whereas the figures of 1916 show a production valued at £8,000,000, an increase of fifty per cent. over the figures of 1915, and an increase of 100 per cent. over those of 1914.

## INTERNATIONAL TRADE

The foreign trade of Peru is experiencing a very prosperous era. While the export business is increasing in an unusual proportion, the import business not only maintains its importance, but also shows an increase of about fifty per cent. over that of 1912, which is estimated as the best year for this business before the war.

The accompanying figures will show in a clear manner the increase of Peru's foreign trade in the last two years, as compared with the two best years of the five preceding the war:

	Imports.	Exports.	Total.
1908 ...	£5,311,973	£ 5,478,941	£10,790,914
1912 ...	5,157,686	9,438,581	14,596,267
1915 ...	3,095,544	11,521,807	14,617,352
1916 ...	8,683,150	16,541,063	25,224,213

Thus the increase of total foreign trade was in 1916 £10,606,861 over the total for 1915.

Imports also included gold coin and bullion valued at £908,612.

## THE NATIONAL TAX COLLECTING COMPANY

The National Tax Collecting Company (La Compañía Recaudadora de Impuestos), which handles the entire collection of national internal taxes, and practically those of all the municipalities and provinces, was founded April 1, 1913, by Señor José Payán as director general of the Banco del Perú y Londres, in accordance with a special order of the Government. This bank signed a contract with the Government on the 24th of February, and by the first of April the company was incorporated and had already made a loan to the Peruvian Government of £1,245,000, which loan being the basis of the contract. This company, as the intermediary between the state and the taxpayers, has conducted the national collection of taxes in such a way that the taxes received have been increased about \$1,500,000 in four years, contributing in a very important manner to the building up of the Government's resources by putting the collection on a scientific and business-like plane.

The cost of the collection has been

reduced in a large proportion, the taxes are collected more quickly, and the organization of the national collection has been conducted in such a way that the Government can calculate on a more certain basis the amount of its resources.

Upon the creation of the company, Señor José Carlos Bernales was appointed, by general consent, to the position of general manager. The results obtained by the National Tax Collecting Company, in spite of the tremendous crisis of 1914-1915, and the splendid services extended to the Government from a financial point of view in those years by this corporation, when it maintained a normal equilibrium in the finances of the nation, have been well recognized by the citizens and the Government. Señor Bernales, the man who did all this, has given in this way a very eloquent example of his ability as a statesman. Señor Bernales, being familiar with each small detail of the company's organization, as well as contributing successfully to the national finances, has put it in such a position that it is realizing fully the idea which was behind its creation.

The dividends paid by the corporation were never less than 8.88 per cent., and are regularly about ten per cent.

## NATIONAL MERCHANT MARINE

The Peruvian Steamship Company is more than doing its part in the national merchant marine. The dividends paid by the company in the last two years show plainly its prosperity. Conducted by Señor N. L. Mulanovich, a man of much experience in this line of business, the company is increasing its utilities and extending its services to the country in a degree not anticipated at its beginning.

The company's finances are in a very good condition. In fact, another steamship has just been added to the fleet, the "Iquitos," the additional tonnage of which is an important help in the transportation of national products from Peruvian ports on the Pacific to ports of other countries on the same coast, and especially to Panama, between which ports the Peruvian Steamship Company has a regular service.

# Book Reviews

**SAVING AND INVESTING MONEY; OR, TEN LESSONS IN THRIFT.** By T. E. Sanders. Thrift Publishers, Racine, Wis. Price, \$1.00.

"With the firm conviction that the first step in national preparedness is more thrift among the people, and with the hope that some may profit by these pages, so their gains may be greater and their losses less, this book is submitted to the public."

Wage earners and salaried persons are urged to save and invest. The author suggests ways of acquiring habits of thrift—by buying a home, taking life insurance and through other investments.



**BANKING AND BANK ACCOUNTING.** By D. W. Morton. Lyons and Carnahan, Chicago. Price, \$2.40. Price of Text, \$1.00.

Includes a complete outfit of papers, blank books, blank forms, etc., for students in class rooms.

The text is prepared for students but from the viewpoint of the banker presents nothing new.

Gives instruction in bank accounting and in the theory of banking as well. The complete outfit will afford discipline to the student for work in a bank.



**UNFAIR COMPETITION.** By W. H. S. Stevens. University of Chicago Press, Chicago. Price, \$1.50.

The author discusses the subject from an economic point of view, and classifies according to their elementary characters eleven forms of "unfair competition."

Based upon two articles which originally appeared in 1914, the material has been rewritten and enlarged. The result is a thorough and comprehensive treatment from an economic viewpoint and is of decided value to the legal profession and business man.

**ACCOUNTING PRINCIPLES.** By S. F. Racine, Western Institute of Accountancy, Seattle, Wash. Price, \$3.00.

A text written for advanced students to which they can refer for an answer to baffling questions on the theory of accounts.

Examination papers of recent years have been carefully studied in an effort to bring salient features into this book.

Bookkeeping, double and single entry and a comprehensive explanation of accounting, including accountancy of investment, depreciation, goodwill, reserves and sinking funds receive very careful attention.



**ELEMENTARY PRINCIPLES OF ECONOMICS.** By R. T. Ely and G. R. Wicker. Macmillan Co., N. Y. Price, \$1.10.

This is a text-book that is thoroughly teachable and manifestly is elementary in character. It is clear, concise, concrete.

The outlines of theory are presented in a form most generally accepted by economists. Advanced theories that are more or less disagreed upon are not included lest they confuse the beginner.

The regular edition is used in the schools of England, Canada and other English-speaking countries and recently a Japanese translation has found acceptance.



**NINETY-SIX PLANS FOR COLLECTING MONEY BY MAIL.** By A. W. Shaw Co., Chicago, Ill.

Shows the methods employed by credit men in collecting money from all kinds of people under all kinds of circumstances.

"To write letters that really make the most obdurate debtors pay up, that really influence and persuade the grouchiest and most sensitive to pay promptly and yet hold their good will is an art that is explained and made applicable in this book." Actual letters are reproduced in full.

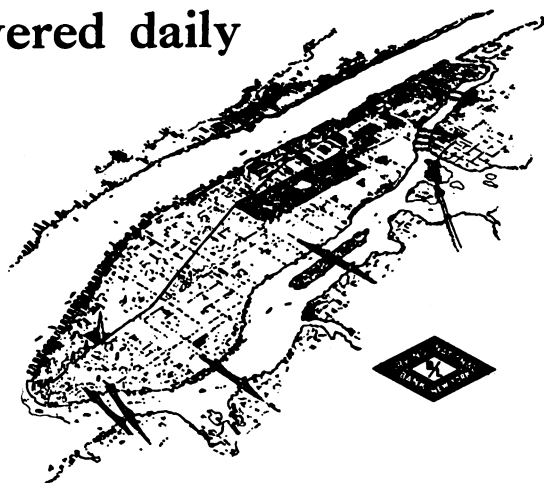
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SECTION

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## Advancement of International Trade Through American Banks in Foreign Countries

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By **JOHN CLAUSEN**, Vice-President Crocker National Bank,  
San Francisco

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**O**UR traditional methods in this direction particularly must be earnestly taken under advisement by our forward-looking men of affairs, as the lack of interest to further the scope of our system of branch banking in foreign countries may seriously check the work of trade expansion and place our merchants at a disadvantage in later meeting aggressive European trade competition.

It is generally opined that in order to enable the wheels of commerce to run smoothly and rapidly, our foreign relations cannot successfully be developed so long as it is necessary to operate through banking institutions of competing nations.

The Federal Reserve Act provides for the establishment of branches by mem-

ber banks in foreign countries and on the assumption that it would better serve their interests, the law of December 23, 1913, was subsequently amended to provide that members of the system may cooperate for the purpose of jointly owning and operating foreign dependencies.

Coöperative combinations, such as may be deemed expedient to develop our foreign trade relations in normal times, are now generally agreed to be essential, and a recognition of this principle in the development of oversea commerce is, in my opinion, most necessary to our economic progress.

If the United States succeeds in establishing a system of branch banking thoroughly suited to modern world-wide conditions, a great forward step will

---

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have been taken in consolidating the advancement already achieved through the financial and industrial energies of our population.



### ECONOMIC CONDITIONS IN FRANCE

#### THE RUSSIAN OBLIGATIONS IN FRANCE

IT has been often rumored that the Russian Government intends to repudiate its obligations abroad. Among the countries interested in this question is France. She has contributed to the financial aid of the Russian State before and during the war. An article in the "Economiste Européen" (Paris), signed by Edmond Théry, gives us a clear insight into the question.

At the end of 1902, when the operations of loans and conversions concerning the Russian monetary reform of 1897, as well as the policy of repurchase of the railroads was finished, the public debt of Russia amounted to 6,629 millions of roubles. By December 31,

1912, after the liquidation of the expenses caused by the war with Japan and after the finishing of the Trans-Siberian railroad, the nominal capital of the same public debt attained 8,842 millions of roubles, that is, an increase of over two billions of roubles. However, one should bear in mind that between the two dates the Russian Government had consolidated all its war expenses of 1904-1905, that the extent of the Russian railroads had had an increase of 18,341 kilometers, of which 7,710 kilometers were in Europe and 9,052 kilometers in Asia. Moreover, it should be remembered that the capital invested in the railroads had played a considerable rôle in the growth of the Russian public debt; that between 1902 and 1912 the net products obtained by the State from the exploitations of its railroads had progressed about 197 millions of roubles; and that at that last date these products were 321 millions of roubles, while the service of the whole Russian public debt, interest and redemption fund included, amounted to

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only 401 millions of roubles. Thus the net profits that the Russian State derived from its railroads in 1912 represented eighty per cent. of the entire charges of its public debt.

At the end of 1913 the obligations guaranteed by Russia represented a nominal capital of 14,785 millions of francs divided into forty-seven species of titles. This total amounted to 15,450 millions of francs after the loan of the United Railroads issued in February, 1914. Besides these there were from 1,500 to 1,600 millions of francs worth of various titles: banks, private railways, industrial societies, mining enterprises, etc. The loans of the Russian State have been issued at the same time in France, England, Belgium, Holland, Switzerland, and even in Germany and Austria. The total of the Russian obligations owned by the French on the eve of the war did not

exceed 12 billions of francs in nominal capital.

The wonderful results of Russian commerce and industry before the war obtained through foreign capital, had certainly made the French public buy Russian paper. But the real reason of the success of this paper was the sympathy that the French always have had towards the Russian nation.

"It is, therefore, impossible," concludes Mr. Théry, "that this great people of 175 millions habitants should ratify, when they will regain their political equilibrium, the annulment of their foreign debt.

"Otherwise Russia would condemn herself to perpetual misery, in the sense that nobody in the world, not even the German bankers, would lend her financial aid.

**THE FRENCH BUDGET OF 1918**

The chairman of the Budget Commission, Mr. Louis Marin, has finished the report concerning the ordinary French budget of the year 1918. The expenses for this year amount to 7,769,818,035 fr.; and the receipts represent 7,530,623,930 fr., 6,542,513,930 fr. being the resources at the moment of the drawing of the bill, and 988,110,000 fr. being the result of the fiscal measures adopted December 31, 1917. The deficit amounts thus to 239,194,105 fr. In order to cover it, the minister of finance has proposed some additional fiscal measures providing for new taxes.

However, one has to consider the financial situation of France from the

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beginning of the war in order to understand the budget of 1918. There is a list containing the credits from August, 1914, viz.:

	Francs.
Military and exceptional expenses of war.....	87,200,000,000
Expenses of the public debt.....	10,700,000,000
Ordinary expenses of the civil services .....	8,600,000,000
<b>Total credits .....</b>	<b>106,500,000,000</b>

On the other hand, the ways and means of the Treasury may be estimated as follows:

- I. Reserve of Treasury:
  - In France .....66,400,000,000  
(Included about 20 billions worth of bonds of National Defense and 31 billions for the three loans, 5 per cent. and 4 per cent.)
  - Abroad .....19,300,000,000
- II. Normal receipts .....15,300,000,000  
(Included about one billion derived from new fiscal measures, applied before December 31, 1917.)

Besides the military expenses in the strictest sense of the term, the war has indirectly imposed upon the state some inevitable expenses that one could estimate at about 11,190 millions of francs. Among these expenses there are the military allocations, the assistance of the victims of war, the assistance of the refugees, the reconstruction of the invaded regions, etc.

During the first months of the war the Minister of Finance appealed to the Treasury. Afterwards some new permanent resources were created through fiscal measures. These resources are: 1. The advances of the Banque de France and of the Banque d'Algérie; 2, the bonds and obligations of the national defense; 3, the loans of the national defense! 4, the resources furnished by the friendly or allied states; 5, the various resources of the Treasury. Finally, the loans of the Treasury at short term and ordinary loans.

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## FRENCH RAILROAD TARIFFS

The railroad industry in France, whose cost prices have immensely augmented since the beginning of the war, is the only one which has not increased its selling prices, the prices of service, that is, the tariff of transport. This situation had been already reported to the Government by the administration of the state lines and by other companies. In 1917 a draft of a bill concerning the raising of the tariff was presented. The proposed measure established a uniform augmentation of fifteen per cent of the existing tariffs. But the Socialist group in the Chamber was opposed to this plan from the start, so that nothing became of it. There are, however, several reasons which justify a raise of transportation charges in France. One needs only compare the actual price of a ton of coal with what it used to be in order to realize the increased expense of procuring this indispensable raw material. A ton of coal costs now about six or seven times more

than before the war. Moreover, the railroads, which consumed in normal times about eight millions of tons of coal yearly, need now a greater quantity on account of the extraordinary demands made upon them for war transportation.

It is true that the receipts of the railroads have increased during the war. However, if the gross receipts from 1913 to 1916 have augmented about 61 millions of francs on account of the military transportation, the expenses of management have augmented about 275 millions of francs, and 68 millions of new taxes on the capital have been added to those before the war. The deficit amounts thus to 300 millions of francs yearly.

## FABRICATION OF COIN AT THE MINT IN PARIS

Tables published by the "Bulletin de Statistique et de Législation Comparée" giving the fabrication of coin at the Paris mint during 1915 and



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1916 show that no French pieces of gold have been coined during the year 1915 on account of circumstances. But the fabrication of silver coin, whose circulation required an increase, amounted to 86,328,362 fr. in nominal value, corresponding to the emission of 82,811,339 pieces.

Statistics for 1916 also show that no piece of French gold was coined in that year. By way of compensation, the fabrication of silver coins, despite the important fabrication of 1915, amounted to 154,283,813 fr. in nominal value, corresponding to the emission of 162,-878,489 pieces.

### TAX ON OBJECTS OF LUXURY

The Chamber of Commerce of Paris has handed over its suggestions to the Minister of Commerce regarding the tax of ten per cent. on the selling of objects of luxury. They tend to lessen the rate of the new tax, either by a lowering of the number of articles to which it is

applicable or by measures of interpretation which would modify the incidence of the tax. The Chamber of Commerce points out that the Parisian region is the principal seat of the industries of luxury which would contribute to the raising of business after the war; it is, therefore, necessary not to take the risk of seeing them moving to neighboring countries.

Here is the list of objects which will be taxed: Instruments of photography, objectives and accessories; automobiles serving the transport of persons, their coach-buildings and accessories; jewelry of gold or platinum; billiards and accessories; hosiery and linen-work of silk; curiosities, antiquities, and all objects of collections; brandy, liquors; paints, perfumes, essences or extracts; hunting guns, articles of chase; books and art editions; paintings, sculptures; pianos, phonographs, harmoniums, gramophones and mechanical pianos; ancient and modern tapestry, etc.

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Reserve Capital	.	.	3,500,000
Subscribed Capital	.	.	6,250,000
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Surplus over Liabilities	.	.	8,227,235

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## ECONOMIC CONDITIONS IN ITALY

### THE PRODUCTION OF GRAIN IN ITALY

THE grain production is now an acute question in almost every country. In Italy, as in England or Germany, where the consumption exceeds the production, the necessity of regulating the distribution and price of grain requires new measures. The production for three years, according to "L'Economista" (Rome), was as follows:

Years	Cultivated Surface Hectares	—Products—	
		Total	Per Hectare
1914 ....	4,769,300	Q46,153	9.7
1916 ....	4,726,300	Q48,044	10.2
1917 ....	4,272,100	Q38,312	8.9

The harvest of 1917 represents only half of the normal consumption and even less than half, if one takes into account the military and civil granaries lost in the provinces invaded by the enemy, and whose population must be fed.

It is expected that the United States will not hesitate to ration the bread in order to supply the needs of Italy and of the other allies. No matter how generous may be the American aid, it will not suffice to supply the dearth and to dispense with a rigid thriftiness. For this reason any governmental expedient of increasing the production of grain, which would always cost less than the imported grain, will be welcomed by the consumers.

### ITALY'S WAR EXPENSES

The following table shows the expenses of Italy since she entered the war:

	(In millions of lire)		
	War	Navy	Total
War preparation...	1,618.8	159.2	1,778.1
June, 1915 .....	693.6	67.2	463.8
July, 1915-			
June, 1916 .....	7,611.0	731.4	8,342.4
July, 1916-			
June, 1917 .....	12,546.8	789.1	13,335.9
July, 1917-			
November, 1917 ..	5,864.7	280.6	6,145.3
	20,037.9	2,027.6	30,065.5

# Canadian War Factories

During the past three and a half years Canada has organized over 500 highly efficient munition factories. Contracts for munitions and other war commodities to an estimated value of \$50,000,000 have already been placed in Canada by the United States.

American manufacturers desiring to place contracts or sub-contracts in Canada for time fuses, bodies, sockets, gages and other shell parts, ammunition boxes, wagons, blankets, sweaters, etc., may obtain information with respect thereto through the New York Agency.

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The expenses of war have been progressing gradually as in other countries. The average monthly expenses during 1915-1916 amounted to 695.2 millions of lire, while during the year 1916-1917 they amounted to 1,064.4 millions.

### THE INSURANCE OF COMBATANTS

The "Gazetta Ufficiale" publishes the following decree of December, 1917:

Art. 1. The National Institute of Insurance is authorized to emit the following policies of insurance, free of any tax on premium, on behalf of soldiers.

(1) For a capital of 500 lire on behalf of soldiers and for a capital of 1,000 lire on behalf of under officers, payable immediately after the death of the insured, as far as this occurs during the fight, for wounds acquired while fighting, or on account of disease due to war service.

The above-mentioned amount will be handed to the persons designed in the

policy without prejudice of the right to liquidation of the pension of war.

(2) For a capital of 1,000 lire on behalf of all the soldiers and graduates of the fighting troops payable immediately after the death of the insured whose death occurs during the war and should be due to a cause which gives no right to the liquidation of the war pensions and whose death occurs within thirty years from the date of the policy.

The insured may designate as beneficiary of the policy even persons who have no right to the liquidation of the war pension.

All the costs regarding the policies of insurance will be drawn on the state's account.

After the ending of the war and three months after demobilization, the insured will have the privilege of asking the anticipated liquidation of the policy of insurance, on condition that the value of it should be reinvested in instruments of production and that some guaranty should be given.

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To provide to the economic, financial, technical, and moral assistance of the surviving combatants, a national institution is created, having a proper juridical personality.

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insured capitals, the anticipated liquidation of the insurance policies, together with other necessary means for carrying out the plan, will be established by decrees of the Ministers of the Treasury, of Industry and Commerce, of War, of Navy.

## Bank Mergers Questioned

**W**HETHER the growing tendency toward the concentration of banking as evidenced by recent bank mergers in London is beneficial or the reverse is a matter now engaging attention. It is stated by the London "Economist" that in the House of Commons recently Mr. Bonar Law announced that a committee, consisting of Lord Colwyn (chairman), Lord Cunliffe, Mr. Keswick, M.P., the Hon. Rupert Beckett, the Hon. Herbert Gibbs, Sir Arthur Haworth, Mr. E. Manville, Mr. H.

McGovan, Sir John Purcell, Mr. John Rae, Sir R. Vassar-Smith, and Mr. Douglas Vickers has been appointed "to consider and report to what extent, if at all, amalgamation between banks may affect prejudicially the interests of the industrial and mercantile community, and whether it is desirable that legislation should be introduced to prohibit such amalgamations or to provide safeguards under which they might continue to be permitted."

The general wisdom of the policy of

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Woolworth Building, New York

banking amalgamation was thus referred to by Sir Felix Schuster, Governor of the Union of London and Smith's Bank, at an extraordinary general meeting of shareholders of that institution.

To a certain extent this is a mere matter of bookkeeping. The actual resources of the banks affected remain, in fact, exactly the same. The uncalled liability of shareholders, however, is often reduced, and thereby potential resources are impaired. A small proportion of capital to a high level of deposits has, of course, always been a feature of English banking, but this proportion has tended downwards at a pace that few, perhaps, even of our bankers have realized. *Ecce signum*, as Falstaff says:—

### ENGLISH JOINT STOCK BANKS

	Paid-up Capital and Reserves	Deposits	Per-Cent. Ratio
1890	£67,826,000	£368,663,000	18.4
1895	.. 69,213,000	455,561,000	15.3
1900	.. 78,847,000	586,726,000	13.4
1905	.. 82,010,000	627,529,000	13.1
1910	.. 80,946,000	720,687,000	11.2
1915	.. 81,731,000	992,555,000	8.2
1917	.. 84,475,000	1,365,297,000	6.2

If banks with a high proportion of capital to employ are able to give industry more ef-

ficient assistance, is it well that English banks have allowed this proportion, in 27 years, to be divided by three? It is the custom nowadays to measure a bank's strength by the extent of its deposits, that is, by the sum that it owes to the public. A bank's real protection against this debt lies, of course, in its assets held against it; but the relative amount of its own capital employed is a point that should not be overlooked.

We know that there has been discussion about the policy of amalgamations generally and that a committee has been appointed to consider the subject. As far as our own action is concerned, I think it can be fully justified from every point of view; it is not a step which will lessen competition among the banks or reduce the number of banking offices, for, as I told you at our last meeting, out of 700 offices which the joint institution will have there are only 35 places where we meet, and even in those the premises are frequently located at some distance from one another, so that both offices will be useful.

There is no striving after monopoly on our part—far from it; and my belief is that the growth of a certain number of large banks to the dimensions we now see, and which certainly one could hardly have anticipated a few years ago, will tend to increase rather than diminish competition. Anything in the nature of banking monopoly

# THE BANK OF CHOSEN

*Incorporated by Special Charter of Imperial Japanese Government*

(¥0.50 — 1 Yen)

**Subscribed Capital, Yen 20,000,000**

**Paid-Up Capital, Yen 17,500,000**

**Head Office, Seoul, Korea**

***Principal Branches:***

**KOREA:** Chemulpo, Pyongyang, Wonsan, Fusan

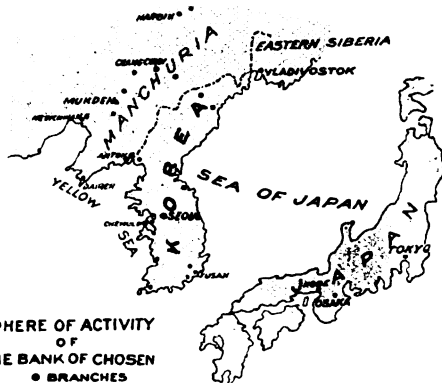
**MANCHURIA:** Mukden, Tieling, Liaoyang, Ryojun (Port Arthur), Dairen, Changchun, Newchwang, Harbin, Antung

**JAPAN:** Tokyo, Osaka, Kobe

**CHINA:** Tsingtau, Shanghai

***Affiliated Bank:***

**VLADIVOSTOK:** Matsuda Bank



***Principal American Correspondents:***

Guaranty Trust Company of New York  
Irving National Bank, New York  
National City Bank of New York  
National Bank of Commerce in New York

Yokohama Specie Bank, New York and San Francisco  
Canadian Bank of Commerce, San Francisco and Seattle

**H. YASUDA, New York Representative**  
**120 Broadway, New York**

would indeed be disastrous, but so far I do not think it can be alleged that such exists, and the constant increase in the number of bank offices throughout the United Kingdom shows that with the growth of amalgamations greater facilities have been placed at the disposal of the public.

According to the "Banking Almanac," the number of bank offices in the United Kingdom in 1872 was 2,924, and in 1916 it was 9,367, and the gradual disappearance of private banking firms, regrettable as it is in some respects, cannot be said to have in any way affected adversely the legitimate facilities offered to the community.

I think nothing is more unjustified than the outcry one hears in some quarters that the joint-stock banks cannot do or are not willing to do what the private banks have hitherto done. Of course it is a question of management, and there may be some cases where red tape has interfered with promptitude of decision, but such cases can be very few. Speaking for our part, I can say from experience that we know of no instance whatsoever where private banks have been absorbed in ours of legitimate and liberal accommodation being less readily granted to the old customers than was formerly the case, and this applies not only to the large ones but also to the smaller ones, whose interest we wish specially to safeguard. On the contrary, we have had nu-

merous instances where it has been admitted that we have done more for customers than the old private bank was in a position to do. But we have striven to maintain the old local interest and connection of the private partner in each district. His personal influence and intercourse with the customers have been maintained, and that policy will be continued.

The cry against amalgamations is not a new one; the process has been going on, even between private firms, for a considerable time. I need only mention the cases of the firms of Glyn and Curries, Prescotts and Dimsdales, Lubbocks and Robarts; and in Scotland, where banking is of much older date than in England, the formation of joint-stock banks in the early part of the nineteenth century led to the rapid absorption of private banks.

In 1819 there were 36 banks in Scotland; in 1844, 24; in 1873, 11; in 1890, 10. Yet it cannot be said that Scottish banking shows any sign of monopoly or lack of enterprise.

We must not think of these matters only from our own point of view, but especially in these times from the point of view of how the trade and commerce of the country can best be assisted, and for that purpose a strong institution with large command of capital closely in touch with the industries of the country must be of the greatest service.

## **First Mortgage Investments**

### **Minneapolis, St. Paul & Sault Ste. Marie System Wisconsin Central Railway Co.**

**Superior & Duluth Div. & Term. First 4s, 1936**

Secured by closed first mortgage covering terminals in Superior and Duluth and part of the main line between Duluth and Chicago

Sold in 1917 at 91, a 4.70 per cent. basis

**Present price 75 and interest, yielding 6.35%**

### **Missouri Pacific System St. Louis, Iron Mt. & Southern Railway Co.**

**River & Gulf Div., First Mtge. 4s, 1933**

Secured by closed first mortgage on 772 miles of railroad; forming with connections a through route from St. Louis and Kansas City to the Gulf of Mexico

Sold in 1906 at 96 and in 1917 at 84

**Present price 70 and interest, yielding 7.25%**

*Details on request*

## **Redmond & Co.**

**33 Pine Street**

**New York**

It has been said that two separate banks can do as much as if they were amalgamated into one, but that is not the case where large amounts are involved and rapidity of decision is essential. One bank represented in different parts of the country

is in the best position to transfer funds from localities where they are abundant to others where they are needed, and that is the foundation of sound banking, and must be conducive to the most economical conduct of the business life of the country.



## **The Bank of Chosen**

**I**N his address at the general meeting of shareholders of the Bank of Chosen, held at Tokyo, Japan, February 18, the Governor, Mr. S. Minobe, after reviewing economic and other conditions, spoke as follows of the bank's condition:

Before describing the conditions of the bank in the usual way, it is incumbent that mention should be made of the succession of this bank to part of the business of the Yokohama Specie Bank in Manchuria. It may be noted that the Bank of Chosen notes, though enjoying a wide circulation in Manchuria from early times, owed their circulation simply to the credit of the bank

itself and had no legal foundation. But now it was decided that the notes of this bank should be given the status of a legal tender to be used without restriction in all transactions, public and private, in Kwantung Province and the South Manchuria Railway Zone and that, in consequence thereof, all the gold notes issued by the Yokohama Specie Bank should be transferred to the bank. Accordingly, the Yokohama Specie Bank gold notes amounting to yen 4,538,340, were transferred to this bank on December 1, 1917, and thus the gold notes in circulation in Manchuria were at last unified by this bank. In addition to this, on December 31, 1917, the Treasury business of the Imperial Japanese Government in Manchuria, hitherto conducted by the Yokohama Specie Bank, was transferred

# BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches: STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 57 other  
Places in Sweden

Capital Paid Up . . . Kr. 30,000,000  
Surplus . . . Kr. 15,200,000  
Resources About . . . Kr. 305,000,000

(\$0.26 = 1 Kr.)

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

*Inquiries and applications for terms are cordially invited and will find prompt attention*

Principal New York Correspondents { The Mechanics & Metals National Bank  
The National City Bank of New York

to the bank. At the same time, their branches in Port Arthur, Liao-Yang, Tieling and Antung, were made over to the bank. This resulted in the sudden expansion of the business of the bank in Manchuria and also in the increased importance of its position there.

**Establishment of New Branches:** Since the occupation of Tsingtao, China, by Japan in 1914, the economic relations of that port with Chosen and Manchuria have been constantly growing more intimate. In order to meet the banking requirements arising from this state of things the bank established a branch there in October last. Also in November, with a view to facilitating the needs of customers in Mukden, a sub-branch was opened in the New Town, which is located in the railway zone and in which direction the development of the city of Mukden is most conspicuous. With the addition of these two offices, the branches of the bank now number 28.

**Deposits and Advances:** Deposits at the end of the half-year, standing at yen 88,413,372, showed an increase of yen 40,880,174 over the amount at the end of the preceding half-year, and of yen 55,379,962 over that of the corresponding half of the previous year. Bills discounted and other advances came to the total of yen 122,784,774, showing an increase of yen 66,483,304 over those of the corresponding half of the previous year. Such expansion in both deposits and advances was unprecedented and was a result of the remarkable progress the bank had made in its business by availing itself of the favorable financial conditions. Especially was care taken to supply China with necessary loans, a beginning being made when the bank advanced one in June, 1916. The amount invested in this direction during the half-year totalled yen 8,346,000.

**Foreign Exchange:** Bills sold and bought during the half-year amounted respectively to yen 15,330,311 and yen 19,986,136, showing that the business has been making satisfactory progress since starting it.

**Note-Issue:** The highest figure for notes issued during the half-year were reached on the 29th of December at yen 68,110,289,

while the lowest were those on the first of July at yen 39,893,780. The amount at the close of the half-year was yen 67,364,949 showing an increase of no less than yen 20,737,869 over the figures of the corresponding period of the previous year. General prosperity, as well as the taking over by the Bank of the Yokohama Specie Bank notes in Manchuria, accounts for this expansion. These circumstances compelled the bank to issue notes above the legal limit, and for the first time in its history the bank issued such notes on the first of December to the amount of yen 1,217,282, which by the end of the year had reached yen 9,997,407.

**Treasury Business:** The total receipts on account of the Treasury were yen 173,105,805, and payments yen 161,030,641, leaving a balance of yen 12,075,164 in favor of receipts.

**Adjustment of Korean Subsidiary Coins:** The bank sent to Japan old Korean subsidiary coins to the amount of yen 11,867 and received from it yen 144,500 in Imperial Japanese subsidiary coins and yen 300,200 in fractional notes.

**Collection of Gold:** Since the outbreak of the war, gold mining in Chosen has suffered much from the high prices of explosives and other chemicals, scarcity of labor, and other causes incidental to the existing state. Not only has the business of this department of the bank been affected by this state of things, but its purchase of Manchurian gold has also been unsatisfactory, owing to the high price of silver. Under such circumstances, the amount collected during the half-year was no more than 94,047 ounces, valued at yen 3,900,136.15, of which 88,137 ounces, valued at yen 3,655,059.75, were collected in Chosen alone.

**General Remarks:** It may be added that the situation above described was most carefully taken into consideration by the board of directors in forming the policy to be followed during the period. While every possible means was taken to regulate and facilitate the money market, and encourage industrial enterprises at home, especial

ly those along lines conforming with the requirements of the times, the original plan to extend the business of the bank abroad, by completing its equipment required for that purpose, was pursued with redoubled earnestness, and it is hoped that the desired result will be obtained by coöperation within and without the confines of the country. In conclusion, it is very gratifying to the board of directors to be able to report another good half-year for the bank, the net profit obtained being yen 899,222.20, which is larger than that for the preceding half-year by yen 281,191.28.



### Compensation of London Bank Clerks

THAT some bank clerks on the other side are not adequately compensated may be inferred from the following comment, taken from a recent number of the London "Statist," treating of a case where a bank clerk received only a light sentence for the misappropriation of a considerable amount of the funds of a bank where he was employed. "The Statist" is convinced that the salaries are inadequate; and in the interest of the public, who look to the banks for financial accommodation in the course of their business; in the interest of depositors, who lodge large sums with the banks; and in the interest of the shareholders of the banks, who, speaking generally, have very little means of influencing the action of directors, thought it advisable to call public attention to this matter. It is pointed out that when the war ends formidable difficulties must be faced and it is desired that the banks shall be in a position to hold their own when that time arrives. It is to be borne in mind that the leaders of the trade unions have given public notice that they intend to do their utmost to induce all workers with brains to amalgamate with the trade unions; and every man who has had any little experience in life will feel that when the armies are disbanded, and millions of men are thrown upon the employment market, the difficulties we shall have to deal with will be very great. It is therefore



## Advice to Investors

Purchase your securities through responsible dealers who have proper facilities for investigations and a reputation to maintain for reliable advice.

K. N. & K. are always posted on general market conditions, and their views are at the disposal of investors through their monthly review of

*"The Investment Situation"*

*Write for pamphlet L-I*

### Knauth-Nachod & Kuhne

*Members of New York Stock Exchange.*

**Equitable Building,  
NEW YORK CITY.**

believed that a public service is performed in calling attention to this matter; and that every sensible man who looks into the rates of wages paid to bank clerks will agree that those rates are not sufficient. It is regarded as much preferable that directors themselves should deal with the matter. If they do not, the question will be raised upon platforms and in the House of Commons, and then it may lead to worse results than a reasonable concession now made, especially as there is every reason to expect that a reform of the whole banking system will have to be taken in hand.



### Great Britain to Cut Down on Brewing

IN a recent discussion in the House of Commons criticism was made of the continued use of grain for brewing

# THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized . . . \$7,500,000  
Paid-up . . . . . 3,250,000  
Reserve Fund . . . . . 3,000,000

BANKERS: Bank of England; London Joint-Stock Bank (Limited)

*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius*

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

and malting. Replying to this criticism, John R. Clynes, Parliamentary Secretary of the Food Control Board, said that having regard, among other considerations, for the food situation and opinion in America the Government, while maintaining a supply of beer for heavy manual workers, intended to reduce immediately the tonnage to be used for brewing material. One hundred and fifty thousand tons of barley were taken from the brewers and maltsters on March 1, and a further 200,000 tons would be saved yearly by restricting the standard of barrelage and using substitutes vastly more economical.

The brewing materials for 1918-19, Mr. Clynes added, would be equivalent to 512,000 tons of shipping, compared with 1,500,000 tons early in the war. The brewing material would amount to something less than three per cent. of the solid food ration and from one-third to one-fourth of these materials could be recovered in the form of animal food.

Mr. Jones declared the drink bill was too heavy a burden for the country in times of war. For 1914, he said, it had totaled £164,000,000; for 1915 it had been £182,000,000, while for 1916 it had grown to £204,000,000, and, despite appeals for economy, it had amounted to £259,000,000 in 1917.

## Western Australian Bank

THE one hundred and fifty-second half-yearly meeting of the shareholders of the Western Australian Bank

was held at the banking house, in Perth, Wednesday, November 7, 1917. F. S. Moore, deputy chairman of the directors, presided.

The following report for the half-year ended September 24, 1917, was presented:

1. The directors have much pleasure in submitting the accompanying balance sheet and statement of profit and loss for the half-year ended September 24, 1917:

2. The net profit, after providing for bad or doubtful debts, for rebate on discounted bills current, for interest on deposits, and for all expenses of management, is

	£	s.	d.
Balance from previous half-year .....	27,715	17	4
Profit .....	13,369	15	4

Total ..... £41,085 12 8

From this the directors have resolved to pay a dividend of £1 per share, free of

State dividend tax .....	£25,000	0	0
To carry forward .....	16,085	12	8

Total ..... £41,085 12 8

The reserve fund is now....£700,000 0 0

The paid-up capital of the Western Australian Bank is £250,000; reserve fund, £700,000, and profit and loss, £41,085. On Sept. 24, 1917, deposits were £2,446,109, and total assets, £3,545,541.



## Australian Finances

FROM the "Australasian Insurance and Banking Record" the following facts are obtained regarding the country's finances:

# Banque Populaire Suisse

ESTABLISHED 1869

22 BRANCHES

**Paid-up Capital and Reserves, Francs 88,000,000**



Head Office : BERNE

HEAD OFFICE :

**BERNE, SWITZERLAND**

*Branches :*

Basle, Delémont, Dietikon, Fribourg, Geneva, Lausanne, Montreux, Moutier, Porrentruy, Saignelégier, St. Gall, St.-Imier, Thalwil, Tramelan, Uster, Wetzikon, Winterthur, Zurich, etc.

**Deposit and Current Accounts Opened**

**Letters of Credit and Travellers' Checks  
Issued and Paid**

**Bills Negotiated and Collected**

**Special Care Given to Documentary  
Collections**

**Documentary and Cash Credits Opened**

**TELEGRAPHIC AND LETTER TRANSFERS MADE**

**FOREIGN EXCHANGE BOUGHT AND SOLD**

*Correspondence Solicited*

The Commonwealth public accounts for the half-year ended December 31, 1917, show that the total cost of war during that period was £32,176,036, of which £4,850,286 was charged against revenue, and £27,325,750 was charged against loans. The war loan account for the half-year is summarized in the accompanying table:

Loans raised in Australia.....	£18,194,875
War Savings Certificates .....	2,578,100
War Savings Stamps .....	23,094

Total ..... £20,796,070

War expenditure against loans..	27,325,750
Excess of expenditure .....	6,529,680

The balance at credit of the war loan fund, which stood at £17,730,687 June 30, 1917, was reduced to £11,201,007 December 31. The total cost of war to the Commonwealth Government from August, 1914, to December 31, 1917, and the manner in which the cost is charged against revenue and loans respectively are shown herewith:

	Against Revenue.	Against Loans.	Total.
1914-15 ...	£ 540,217	£14,471,118	£15,011,335
1915-16 ...	3,778,378	37,423,568	41,201,946
1916-17 ...	8,406,970	53,099,841	61,506,811
Dec. 31, 1917, (6 months)	4,850,286	27,325,750	32,176,036
	£17,575,851	£132,320,277	£149,896,128

The proportion charged to revenue is about eleven and three-quarters per cent. of the total. The public debt of the Commonwealth on December 31, 1917, including war borrowings, was as shown herewith:

Australian War Loans.....	*£99,838,790
War Savings Certificates .....	3,317,392
War Loans from Brit. Govt. ..	49,082,058

£152,238,240

\*Net amount, after deducting stock donated or repurchased by the Stock Redemption Board, £706,130.

The total Commonwealth debt for all purposes, including £10,789,738 value of properties transferred from the states, £12,000,000 borrowed on behalf of the states, £9,873,977 accrued deferred pay (to June 30, 1917,) to Aus-

tralian Imperial Force, and minor items, amounted to £169,177,767 on June 30, last. On December 31, 1917, the total public debt of the Commonwealth was £200,501,018.



### Japanese Bank Branch in Philippines

**F**OLLOWING the increasing investment of Japanese capital in Philippine agricultural industries it is announced that Japanese bankers and insurance companies are to open branches of their business in the islands. Quarters in Manila for the branch of the Yokohama Specie Bank have already been arranged. This is one of the largest banking institutions in the Far East, its total assets being placed at Yen 324,000,000. Branches of this bank are already located at Bombay, Calcutta, Dairen, Hong Kong, Honolulu, Los Angeles, Nagasaki, New York, London, Kobe, Port Arthur, Sydney and other places. Definite arrangements for the establishment of branch insurance offices have not as yet been made, but it is announced that the Mitsui Bussan Kaisha has secured the agency for five of these companies.

Japanese are entering the islands at an increasing rate, the majority of them coming as agricultural workers, although many enter industrial and commercial lines. A great number of them

are settling in Davao, which is especially adapted to agricultural enterprises. The latest figures report 2,728 as having established themselves in Davao during 1917.



### Skandinaviska Kreditaktiebolaget, Gothenburg, Stockholm and Malmo

**T**HE net earnings of the Skandinaviska Kreditaktiebolaget (now the largest bank in Scandinavia), for the year 1917 amounted to Kr. 16,070,894.44 after having provided for taxes by setting apart Kr. 3,504,388, and after having written down the value of shares and bonds in the possession of the bank. Together with the balance of Kr. 2,593,996.54 brought forward from 1916 on profit and loss account an amount of Kr. 18,664,890.98 was at the disposal of the general meeting.

The board of directors recommended a dividend of Kr. 25 per share (17.61 per cent.), requiring Kr. 12,400,000.



### Proportion of Bank Capital to Deposits

**C**OMMENTING on the consolidation of English banks, "The Economist" of London does not regard the process with apprehension, since if the banks become monopolistic there is always left open the remedy of organizing new institutions. But there is another phase of the matter—the lessening of the ratio of capital to deposits—about which some concern is expressed. Taking some recent amalgamations—the London and South-Western with the London and Provincial, London County and Western with Paris, the National Provincial with the Union, the London City and Midland with the London Joint Stock—it is found that before amalgamation the combined capital of these institutions was over £8,000,000, and over £7,000,000 afterwards, while reserves declined from about seven mil-

### Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

**\$10,000,000**

PARIS - FRANCE

# MERCANTILE BANKING COMPANY, Ltd.

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CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY,  
President

K. M. VAN ZANDT, Jr.,  
Vice-President and Manager

H. C. HEAD,  
Cashier

FCO. COUDURIER,  
Asst. Cashier

Members: American Bankers' Association, Texas Bankers' Association, Mexico City Clearing House

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Foreign Exchange

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WRITE US UPON ANY SUBJECT WHICH MAY BE OF INTEREST TO YOU IN THE  
REPUBLIC OF MEXICO. P. O. Address: Apartado 1846.

lions sterling to something over six millions.



## Increased Number of Branches

FROM a recent letter it is learned that the Bankaktiebolaget Södra Sverige of Helsingborg, Sweden, has increased the number of its branches from forty-seven to fifty-seven, and that the resources of the institution now amount to about Kr. 293,000,000.



## New Governor of Bank of England

SIR BRIEN COKAYNE has been elected Governor of the Bank of England to succeed Baron Cunliffe, who retires after five years of service as Governor. Montagu C. Norman, a director of the bank, has been elected Deputy Governor. Sir Brien, prior to his election as Governor, was Deputy Governor of the bank.



## Anglo-South American Bank, Limited

INFORMATION by cable was received a short time ago by John Cone, New York agent of the Anglo-

South American Bank, Ltd., that an interim dividend of 5s. per share had been declared in respect of the year 1917-18, this interim dividend being at the rate of ten per cent. per annum.



## National Bank of South Africa, Limited

FROM a cablegram received by R. E. Saunders, Esq., New York agent of the National Bank of South Africa, Limited, it is learned that at the annual general meeting to be held June 21 the directors will recommend a dividend of six per cent. per annum. Including the amount brought forward from last account, and after providing fully for all bad and doubtful debts, and writing down investments to market price as at March 31, net profits amount to £451,000. The dividend will absorb £171,000, while £150,000 is allocated to reserve fund, £50,000 to bank premises, and £45,000 to pension fund, leaving approximately £35,000 to be carried forward.



## Ship Mortgage Bank for Japan

ACCORDING to reports, Japan will establish a ship mortgage bank for the purpose of further facilitating the shipbuilding industry of that country.

The nominal capital of the bank, says the report, is to be 20,000,000 yen

(\$10,000,000) but the bank will be able to enter into engagements up to ten times the amount of the capital, and efforts are to be made to obtain a State guarantee. The maximum annual dividend has been fixed at 5 per cent for the first ten years after the foundation of the bank.



### Bank of China Declares Dividends

**A**LTHOUGH the Bank of China, at Peking, was able to declare net dividends of over \$3,000,000 for each of the years 1915 and 1916, her 1917 dividend of \$2,000,000 is considered remarkable in view of the unsettled political situation, which has affected the business of the bank very seriously. Three thousand dollars has been paid to the staff in bonuses this year.



### Keep Business Prosperous

**A**LL the funds needed by the Government to win the war, up to the last billion dollars, says "The Baeke Review," no matter how much is required, are available in this country.

There is a firm desire and purpose to supply this money on the part of the millions of our loyal citizens.

The one thing needed to make subscriptions overflow beyond what is asked for is to keep business good.

The brains and industry of the country will do that, if the Government will only do its part. Its part is to inspire every legitimate business enterprise with such confidence that nothing can interfere with the development of trade throughout the country on prosperous lines. This attitude on the part of the Government would relieve all the present uncertainty and give trade everywhere stimulating encouragement. The Government's part is to keep price-fixing at a just level, which will allow a liberal profit for both big and little concerns. And its further part is to make tax legislation scientific, widely distrib-

### Australia's Wheat Harvest

**E**STIMATES of the wheat harvests in the principal states of Australia for 1917-18 indicate a total of about 121,000,000 bushels. The largest pre-war harvest was 103,344,132 bushels in 1913-14, compared with which the present harvest shows an increase of about 17,000,000 bushels.



### Mitsui Bank, Limited

**F**OUNDED in 1680, the Mitsui Bank, Ltd., (head office Tokyo), ranks as the oldest bank in Japan. Its capital is yen 20,000,000 and the reserve fund yen 12,550,000, while the total of the balance-sheet as of December 31, 1917, was yen 265,033,130. Net profit for the last half-year was yen 2,665,938.

uting the burden, so that it will bear equably upon all, without hardship upon any one class, and thus be easily borne.

Good wages can then be earned and paid. Taxes will not be so grinding a burden. Good prospects will make subscriptions liberal. The great public is willing and anxious to contribute all the subscriptions that they have the money to pay for, but beyond that they will subscribe for more if their prospects are good (and many times more) than if the outlook for business is depressed, and the opportunity for good profit (not profiteering) is forbidden.

At the moment the Government has an opportunity to show its friendship for business by extending the time for payment of the great war tax over a period of four months. Congress is making an effort, somewhat feeble as yet, to bring this about.

If accomplished, it will effect the greatest relief to the money market and to the financial situation, individual and collective, throughout the country, and will do much to clear the atmosphere.

# A Letter from the Front

FRANCE, February 26, 1918.

Editor BANKERS MAGAZINE:

SIR: Your letter of February 5 came as considerable of a surprise because I had thought only of Mr. Morehouse sending some of THE BANKERS MAGAZINES in his possession at the bank. It never occurred that he would write you direct. I wish to thank you for your kindness in sending the magazines, although they have not as yet arrived; but owing to the congestion of transportation facilities letters always arrive from a week to a month ahead of bundles and packages. Due to a shortage in material for starting fires many newspapers never reach their intended destination, but it is to be hoped that in due course Uncle Sam will turn over the magazines and I'll be mighty glad to get in touch with what is going on in "The States" once more.

During certain hours when not on duty it has been my opportunity to make a few observations and while doing so the thought came, "What then—after the war is over?"

The day our boat landed in port, immediately all our knowledge of French was called into use, first in bartering with the boys who drew alongside selling apples, and since then every day an opportunity presented itself to see the country and come in contact with the people. It didn't take long to learn that there is only one way to meet them in their daily routine of life, and only one way to dig down into conditions as they actually exist, and this is through the medium of their own language.

The first morning after buying those apples I found myself in possession of a handful of coppers, some of French, Italian, Belgian and some of Swiss origin. The boy handed me besides some dirty, torn local currency of which the enclosed is a sample. What a drawer full of bills the merchants must have, granting that at best a good percentage of purchases has been made with silver pieces!

On arriving in another small town half-way across the country this paper was found to be "pas bon," no good, as they say, for purchasing anything in that vicinity. It didn't matter because the larger bills of five francs and over are all issued by the Bank of France, and like silver pieces are acceptable throughout the whole country.

In a few days my wrist watch followed through the mail (the war forcing on us some customs we would just as soon could be avoided) and having been thrown one too many times across the boat, refused to go

except at intermittent intervals, which might well have been not at all. The jeweler said it would be ready in a week, but in a week it was necessary to wait a couple of days. Eventually after another visit it was finally repaired. It seems as though films, washing, everything a soldier comes in contact with, is always delayed and he hears "demain, demain," on all sides. Perhaps this is on account of increased business due to the presence of soldiers—at any rate the average American doesn't like to wait, and he finds himself very much put out at times on this account. There is a racial characteristic over here of patience and extreme politeness which we Americans must adopt, though it differs materially from our own standard, if we are to obtain best results in dealing with them.

Of course times are abnormal now, but the women in the factories, everywhere doing the work of a man, illustrate the temper of the people to back the war until the last gun is fired. One is only too apt to judge France in this respect by the fashionable ladies who make themselves conspicuous on the streets, overlooking the real French woman who is doing everything in her power to bring a successful end to the war.

In one home the grandmother had formerly lived with her daughter, whose husband was among the first to answer the call to the colors, but when he was killed the two went to live with her grandchild and daughter. It was through this little girl, taking an interest in her by sending candy or a toy now and then trying to add a little sunshine in her life, that I came to see inside this home.

The two younger women work in the glove factory all day from 7 A. M. to 5 P. M. for a couple of francs apiece a day and then do cleaning work for Uncle Sam during the evening in our offices for more than they make all day at the factory—which bears out the statement that wages are low as compared with those for similar work in our country. Three or four francs a day for unskilled labor barely suffices to keep the wolf from the door. This is hard, but as the saying goes, "c'est la guerre."

On all sides there is conservation of resources. In land in particular such intensive cultivation is practised that we Americans find ourselves commenting on it again and again. In the vicinity in which I am at present located there is a top soil of only a few inches which, due to a layer of rock under it all, involves unusual problems of replenishment and drainage. Every little

odd-shaped piece of land is utilized at all possible times, involving as a result intensive fertilization and care. There is a lesson for us when our land in the U. S. is not so plentiful as at present.

Forests are preserved and cared for in particular. This statement being self-explanatory, knowing as you do the conditions of the wood and lumber supply.

On all sides everything is different—even the mud, and I have sampled during the last few months from California's dobe on across the states south and east and across to over here. Truly these foreign varieties surpass anything yet encountered. Customs, methods, language, everything, involving many items which cannot be mentioned on account of being "interdict" by the censor, are strange and most everything is either backwards or left-handed to us.

On reading Edward N. Hurley's "Awakening of Business" a short time ago my attention was attracted in particular to the following statement: "At the conclusion of the war there will be the problem facing us of reviving the industrial life of some 20,000 square miles of this country and Belgium." As it has been my opportunity to view various parts of France and to study economic conditions meanwhile when not on duty, I can think of no better point in my experience to call to your attention than this one.

Mr. Hurley states that our manufacturers in the States are awakening to the opportunity of placing permanently ten or fifteen per cent. of their manufactured goods in foreign fields, as a stabilizer, something upon which to rely when local conditions in the United States are not just as they would have them. The plants, he says, in this way run more smoothly, costs go down and there is found to be a force that keeps things going steadily through favorable and adverse conditions.

This war may take thousands of our business men temporarily from their work in the United States, but they are coming back—they are not all going to be killed, as some have the idea because they are on foreign soil; and when they do return they will have had a wonderful opportunity to study our foreign competitors, their language, customs, methods, transportation systems, etc., and most of all they will realize the necessity of a continued study in the future if we are to hold our own in the commercial field of the future.

Our American banks are called upon for aid in establishing manufacturing concerns and are and will be called upon more and more in the future to handle the paper arising from transactions involving these plants. "What then—after the war?"—The whole "opportunity" of the future rests upon our banks having branches abroad to realize the situation and train their employees in the language, customs, etc., of the countries with which they are dealing and to gather such information that they themselves may be benefited and that our merchants and manufacturers may be aided through advice as well as by an intelligent handling of their business.

I hope it will only be a short while until a victorious peace will have come and there will no longer be a need for us here in our present capacities; but whether the time be long or short we are making the best of our stay in this country in every respect, hitting the ball while on the job and keeping our eyes open meanwhile.

Hoping there may be some point of interest in this letter for you to develop, and thanking you for your kindness in sending THE BANKERS MAGAZINE, I remain.

Sincerely yours,

JOHN V. BALDWIN.



## Norwegian-American Securities Corporation

**O**WING to the growth of international financial relations, the necessity has arisen for organizations especially formed to facilitate business between the United States and other countries.

One of the latest of these organizations, which has been established at 74 Broadway, New York, is the Nor-

wegian-American Securities Corporation, created primarily for the purpose of handling business between this country and Norway. The company has a capital of \$1,000,000, and its officers are: President, Trygve Barth; vice-presidents, Leif W. Strom and George Reith; secretary and treasurer, B. Kropelien; assistant secretary, LeRoy Jones.

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# The Threatened Spoliation of Property Rights

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By TALCOTT WILLIAMS, Director of the School of Journalism  
on the Pulitzer Foundation in Columbia University, New York

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A GIGANTIC object lesson has been given to humanity in the past year of the perils of autocracy in Germany based on the claims of divine right and of misrule in Russia based on the assumption and assertion that the few have no rights that the many are bound to respect. The Kaiser is ruining Germany by victories destined to prove as costly as his final defeat, and Lenine and Trotsky have ruined Russia by defeats which leave the two in control of its helpless, hopeless fall. Both agree in denying equality and universal human rights. The Kaiser denies the rights of the majority, of the many, and Lenine and Trotsky deny the human rights of the minority, the "bourgeoisie." The Kaiser disfranchises the multitude, and the two in Russia, who wield a power as arbitrary as his, disfranchise the few who are property-holders. Both represent a denial of human right which democracy must destroy, or be itself destroyed.

## THE PROPRTIED AND THE PROPERTY- LESS

Able men, very able men, are dazed by these portents and begin to believe that in all lands it would be as easy to overturn all the structure of society, all the prosperity of the many, and all the stability of the property of all, as in Russia, where a third of the land was in the hands of a despotic government and the state and large landholders together own half the land, and the many a mere fraction.

Even Mr. Schwab, of the Bethlehem Steel Works, whose whole career is a proof of the opportunity of men to advance and do much for the advance

of their fellow men under a political and economic democracy, tells us that the future is to be ruled by labor without property. Very many people in this country believe that property-holders are in a small minority which could and would be swept aside by those without property, whenever these unite and act.

Which is in the majority in the United States, the propertied or the property-less? There are 20,000,000 families in the United States, taking the population at 100,000,000 and allowing five to the family. Of these families 4,200,000, or one in five, live on farms they own. In 1910 the number was 3,948,722 and the steady increase which has been going on for seventy years (since 1850) with increasing rapidity makes the total 4,200,000, in 1918. Each farm has its male voter and some more than one. These farms, owned by those who till them, cast a quarter of our national vote.

Homes not in farms, in cities, towns and villages, owned by those who live on them, are 5,250,000. This makes, taking the census of 1910 and allowing for eight years' growth, 9,450,000, or nearly half our families who own their homes. Does any one suppose that these 9,450,000 families, with a male voter apiece, a majority of any national vote ever cast in the United States, and half the fighting strength of the land, are going to be Bolshevieked out of their homes on the ground that they are "capitalists," and "capitalists" must go?

But this is only half our population. How about the other half? There are about 2,800,000 tenant farmers. One-third of these, about 7,000,000, are col-

ored and in the Southern States. They are tenants working to own their farms. No one is more tenacious of property rights than he who hopes to own property. These tenant farms have nearly 1,000,000 owners. Add these to the owners of realty in our cities and to the farms and houses owned by those who live on them, and there are about 12,000,000 realty owners in the United States, and as few families have more than one realty owner, out of our 20,000,000 families nearly twelve out of twenty own land. Is this majority going to give up to a minority?

#### OWNERS OF SECURITIES

These are not all the property holders of the United States. There are at least 3,000,000 individual holders of securities in the United States. There are 10,000,000 "regular" life insurance policies insuring \$19,000,000,000. These policies average less than \$2,000 apiece, and while there are many duplications, these policies represent at least

4,000,000 separate persons. Of industrial insurance there are 33,000,000 policies insuring \$4,500,000,000.

Of the 8,000,000 families which own no real estate, a very large number, certainly more than half, own securities or insurance policies, or are among 9,000,000 depositors in our savings banks.

#### AMERICAN PROPERTY HOLDERS WILL DEFEND THEIR RIGHTS

The American people to-day is a vast economic democracy. It is demonstrable that four families out of five own property and it is probable that nine out of ten do. The overwhelming majority owns property. It will defend it. This majority has ruled and will rule. It will regulate and reduce great incomes and great inheritances, but it will also make short work of those who want "capital" abolished. Neither Mr. Schwab nor any one else will live to see the property-less control and destroy the propertied.



## Polite Reminder by the Bank of England and an Equally Polite Reply by the British Government

**A**S correspondence clerks are well aware, it is an almost daily duty of bank managers, says the London "Bankers Magazine," to write letters calling the attention of their customers to their overdrafts. Though the object is the same in every case, the letters are protean in form, though usually (not always) they are couched in a tone of urbanity. We have to thank an official publication, recently issued, not only for an impressive example of this form of communication, but also for the offender's submissive reply. When we mention the bank was the Bank of England, and the customer the present Chancellor of the Exchequer, it will be admitted that the correspondence has a piquancy all its own. In assenting to an application by the Treasury for advances, the Governor and

Deputy-Governor of the bank departed from the usual practice in previous assents by adding that:

The Court desires us to call your attention to the amount which has already been advanced on the credit of Ways and Means, and to convey the expression of their hope that you will realize the undesirability of an increase in these advances, and their earnest desire that measures should be taken for repayment.

Mr. Bonar Law's answer was as follows:

I take note of the views expressed by the Court as to the amount of these advances outstanding, and I beg to assure the Directors of my earnest desire to confine them to the narrowest limits possible.

A delightful incident, and one which shows that the way of a creditor with his debtor varies not, even in the highest circles.

# F. W. Ellsworth Goes to Hibernia Bank and Trust Company, New Orleans

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**A**N event of more than usual importance in the financial world was the recent announcement of the resignation of Fred W. Ellsworth, secretary of the Guaranty Trust Company, New York, for the purpose of becoming vice-president and director of the Hibernia Bank and Trust Company, New Orleans.

Mr. Ellsworth is one of the best known and most deservedly popular of the younger bank officers of the United States. He began his banking career in Chicago twenty-five years ago, working through the various clerical and administrative departments of the First National Bank of that city. In 1905 he was made manager of the advertising department of the First National, and from that time has been one of the foremost exponents of constructive and educational bank advertising. In 1910, shortly after the merger of the Guaranty Trust Company with the Fifth Avenue and Morton Trust Companies, Mr. Ellsworth came to New York and inaugurated a publicity and advertising department, the first of its kind in New York City. To this department was later added a new business department. Mr. Ellsworth was manager of this department of the Guaranty Trust until 1916, when he was elected secretary of the company.

Mr. Ellsworth is a fellow of the American Institute of Banking and was president of Chicago Chapter in 1907. He now serves as governor of New York Chapter and is a member of various committees in the New York organization. His efforts have been consistently exerted in the direction of improving the condition and opportunities of bank clerks. He was the first

president of the Guaranty Club, which now has 1,800 members.

He is at present secretary of the Association of Reserve City Bankers,



F. W. ELLSWORTH

Vice-President and Director Hibernia Bank and Trust Company, New Orleans

and a member of the committee on acceptances of the New York State Bankers' Association.

Charles H. Sabin, president of the Guaranty Trust Company of New York, gave a farewell dinner to Mr. Ellsworth, retiring secretary of the

trust company, at the Metropolitan Club on the evening of April 26. The vice-presidents and other officers of the Guaranty Trust Company attended the dinner and the guest of honor was presented with a silver loving cup.



## Philippine National Bank

**T**HE March 31st statement of the Philippine National Bank (head office, Manila, Philippine Islands) makes the following excellent showing:

### RESOURCES

Loans and discounts.....	\$35,561,458.14
U. S. and Philippine Government bonds .....	3,643,000.00
Furniture and fixtures.....	64,707.69
Exchange for future delivery.	1,116,926.33
Due from branches.....	2,416,437.60
Due from banks and bankers.	11,528,534.23
Cash in vault and with Treasurer of Philippine Islands..	11,375,546.59
Customers' liability L/C.....	16,340,021.50
<b>Total .....</b>	<b>\$82,046,632.08</b>

### LIABILITIES

Capital .....	\$ 4,601,920.00
Reserve funds .....	1,014,298.41
Dividends unpaid .....	3,689.56
Circulation .....	2,880,000.00
Acceptances .....	3,466,282.42
Exchange contracts .....	1,116,926.33
Commercial credits .....	11,509,804.79
Deposits .....	57,453,710.57
<b>Total .....</b>	<b>\$82,046,632.08</b>

How rapidly and continuously the bank has grown may be seen from the total of its balance sheets on the dates named:

May 2, 1916.....	\$10,948,000
July 22, 1916.....	31,415,000
December 31, 1916.....	50,786,000
February 28, 1917.....	63,885,000
December 31, 1917.....	69,138,000
March 31, 1918.....	82,046,000

Officers of the Philippine National Bank are: President, V. Concepcion; vice-president, J. E. Delaney; secretary, Archibald Harrison.

A New York agency of the bank is maintained in the Woolworth Building, under the management of Charles C. Robinson.

## German Militarism Must be Destroyed

By JOHN D. ROCKEFELLER, JR.

**T**HE world is to-day divided into two hostile and absolutely irreconcilable camps. Savagery has thrown down the gauntlet to civilization; both cannot longer continue to exist on the same planet. Until the leader of the enemy forces, and those who have aided him in bringing upon the world this indescribable carnage, as well as all others who are co-operating in the conscious effort to turn the hand of time back to the days of barbarism, have been permanently shorn of the power to further their brutal lusts and inordinate ambitions, there can be no peace.

Far better would it be that all arrayed on the side of right should persist in seeking vindication of the principles for which they are fighting than that any should survive to live under the dominion of brute force.

The titanic struggle must be fought and won, whether it takes one year or ten years.

Not only must German militarism be destroyed absolutely and forever, but German philosophy must be reconceived and reconstructed from its very foundations, for no peaceful intercourse with civilized nations is possible to a people actuated by such barbarous principles.

General Von Kries said to a friend of mine in 1916 in speaking of the inhabitants of Poland: "The lives of human beings are to be conserved only if it makes for the state's advancement, their lives are to be sacrificed if it is to the state's advantage."

Such a philosophy as this, utterly subordinating the individual to the state, must give way to the theory accepted by the free peoples of the world that the well-being and happiness of the individual is the consideration of supreme importance, and that the state exists ultimately for the individual, not the individual for the state.

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

### A

American National Bank, Richmond, Va.  
American Savings Bank, Springfield, Mo.  
Ansley, D., c/o Central Trust Co., San Antonio, Tex.  
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

### B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.  
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.  
Bankers Magazine, The, New York.  
Bauder, Ray E., cashier, First National Bank, Taylorville, Ill.  
Baughner, E. M., president, The Home Building Association Co., Newark, O.  
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.  
Blze, L. A., president Citizens Bank and Trust Co., Tampa, Fla.  
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.  
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.  
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.  
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.  
Burwell, Stephen L., vice-president, First National Bank, Jackson, Miss.

### C

Citizens National Bank, Oconto, Wis.  
Copp, R. Reed, assistant advertising manager, National City Bank, New York City.  
Cox, Ray, cashier, American Savings Bank, Springfield, Mo.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.  
Currey, Bradley, c/o Fourth and First National Bank, Nashville, Tenn.

### D

Davenport, C. M., manager new business department, Bank of Italy, Los Angeles, Cal.  
Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.  
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.  
Dexter Horton National Bank, Seattle, Wash.

Durham T. R., assistant cashier, Chattanooga Savings Bank, Chattanooga, Tenn.  
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

### E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.  
Ekirch, A. A., secretary, North Side Savings Bank, New York City.  
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

### F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.  
First National Bank, Lead, S. D.  
Frieden, Ben W., 334 Davidson Building, Sioux City, Iowa.

### G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

### H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.  
Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.  
Harper, W. A., Lumberman's National Bank, Houston, Tex.  
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.  
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.  
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.  
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.  
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.

### I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

### J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.  
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 63rd Street, Chicago, Ill.  
Jones, W. P., assistant cashier, First National Bank of Commerce, Hattiesburg, Miss.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

## K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.  
 Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.  
 Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.  
 Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

## L

Lanier, B. W., First National Bank, Lakeland, Fla.  
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

## M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.  
 McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.  
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.  
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.  
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.  
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.  
 Muirhead, G. C., vice-president, The Stock Growers State Bank, Worland, Wyo.

## N

Northwestern Trust Co., R. P. Sherer, vice-president, St. Paul, Minn.

## O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Poole, John, president, Federal National Bank, Washington, D. C.  
 Potter, A. E., president, Broadway National Bank, Nashville, Tenn.  
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

## R

Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

Russell, W. W., cashier, First National Bank, White River Junction, Vt.

## S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.  
 Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.  
 Shepherd, George W., c/o International Trust Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.  
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.  
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.  
 Smith, T. K., Jr., manager, Gimbel Brothers, bankers, New York City.  
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.  
 Stewart, F. E., 1505 Jefferson St., Toledo, O.  
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.  
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

## T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

## V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.  
 Van Name, Miss M. L., 515 Stephen Girard Building, Philadelphia, Pa.

## W

Wadden, John W., president Lake County Bank, Madison, S. D.  
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.  
 Wilson, C. C., cashier, Continental and Commercial Trust and Savings Bank, Chicago, Ill.

## Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.  
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

## NEW NAMES

Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.



## Why America is in the Fight

AMERICA is in the fight because she "can do no other." Our men could not endure to wait an hour longer. "Watchman, what of the night?" was the interrogation that ran from armed camp to armed camp. Their brothers beneath the Union Jack and the Tricolor were in the thick of the hardest

battle ever waged on earth, and were falling and dying. With a righteous indignation burning in their heart, and on their lips the song of the happy warrior who vindicates the right, our men march forward into battle—their faces to the enemy—their love with us at home—their glory safe with God.—*Philadelphia Public Ledger.*

# Banking and Financial Notes

## TRADE ACCEPTANCE BANK

A trade acceptance bank has been organized in New York, with the title of the Foreign Trade Banking Corporation, with a capital of \$2,000,000. The following gentlemen comprise the board of directors: President, George A. Gaston, president of Gaston, Williams & Wigmore, Inc., and the G. W. & W. Steamship Corporation; managing director, Max May, former vice-president and manager of the foreign department of the Guaranty Trust Company; Wade Robinson, president of the Wade Robinson & Co., Inc.; Harry T. Hall, vice-president Merchants National Bank, and Benjamin S. Guinness, of Guinness & Mahon, bankers, of London.

The new bank opened for business on April 15 at 35 Wall street.

## UNITED STATES MORTGAGE AND TRUST COMPANY

At the last regular monthly meeting of the board of directors of the United States Mortgage and Trust Company of New York all the officers were re-elected and Eugene W. Dutton was appointed assistant treasurer and manager of the Madison avenue branch.

## AN AUTOMOBILE BANK

In pursuance of its desire to put every available facility and resource at the disposal of the Government, and of our forces in the camps and along the battle lines, the Guaranty Trust Company of New York has had an automobile bank constructed for use at the front in France.

The Paris office of the Trust Company is a United States Government depositary, and acts in France as a paying and receiving agent for United States paymasters and other American disbursing officers of both the Army and Navy. This enables it to be of especial service to all our forces abroad. Writ-

ing rooms, a postoffice, and a special paying teller for the exclusive use of our Army and Navy men are among the conveniences it now offers.

The traveling bank which the Guaranty has inaugurated will be of great assistance to United States disbursing officers in transporting money to the various camps and fronts. It will also be of considerable convenience to our soldiers as it will constantly be going to and fro behind the battle lines, and will enable them to cash their checks or buy drafts on the spot.

The frame of the "flying" bank is built of oak and the exterior is covered with thin plates of sheet iron. It is



*The Branch*  
Our first President

## Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000  
Surplus and Profits over 1,000,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**

painted a light gray and presents a very trim appearance. A small but very strong safe has been installed immediately behind the driver's seat, resting on the frame of the car and securely fastened.

There are two paying windows and an adjustable counter at the rear of the car. The height of the counter is about that of the average-size man's shoulders so that a customer cannot reach into or see inside of the car. To the right of the paying windows are small, built-in desks. All available wall space is fitted with lockers for stationery, and in the corner behind the driver's seat is a locker for clothes. The motor bank is equipped with a small electric lighting system and seats inside which can be converted into "berths" for sleeping purposes.

**TWO NEW ASSISTANT CASHIERS AT  
AMERICAN EXCHANGE**

Arthur Davis Bright and Charles E. Meek have been appointed assistant

cashiers of the American Exchange National Bank, New York. Both are men of more than ordinary ability and experience. Mr. Bright has been employed by Kountze Brothers, the Fourth National Bank and the American Ex-



**ARTHUR DAVIS BRIGHT**  
Asst. Cashier American Exchange National Bank,  
New York.



**CHAS. E. MEEK**  
Asst. Cashier American Exchange National  
Bank, New York

change National Bank; has been a member for many years of the American Institute of Banking, and is identified with several religious, social and fraternal organizations. He has a high standing in the community where he lives—Bensonhurst, Brooklyn. In addition to being an assistant cashier Mr. Bright is also manager of the foreign department.

Mr. Meek was for many years connected with the National Lead Company as manager of their credit department. He gave eight years of his time to the National Association of Credit Men, as secretary-treasurer of the organization. He was president of the National Association of Credit Men,



# The Chemical National Bank of New York

(Established 1824)

## The World's Money Center

New York City is rapidly assuming a position of leadership among the financial centers of the world, which necessarily brings about increased demands upon its banking institutions. As one of New York's commercial banks, we offer Banks and Bankers every modern banking facility, based on a policy of conservatism that dates from our founding almost a century ago.

Interest paid on balances of Banks, Time  
Deposits, and Special and Reserve Accounts

Correspondence solicited.

**Capital, Surplus and Undivided Profits, \$11,500,000**

Herbert K. Twitchell, President  
Percy H. Johnston, Vice-President  
Francis Halpin, Vice-President  
I. B. Hopper, Vice-President  
Edward H. Smith, Cashier

James L. Parson, Assistant Cashier  
J. G. Schmelzel, Assistant Cashier  
John B. Dodd, Assistant Cashier  
Samuel T. Jones, Assistant Cashier  
H. M. Rogers, Mgr. Foreign Dept.

### DIRECTORS

Frederic W. Stevens Robert Walton Goelet  
W. Emlen Roosevelt Charles Cheney  
Arthur Iselin

Frederic A. Julliard Herbert K. Twitchell  
Ridley Watts Percy H. Johnston  
Charles A. Corliss

was one of the organizers of the New York Association of Credit Men, and served as president for three years. He has always been actively associated with credit work, and for the past few years has been identified with the American Exchange National Bank in the management of its new business department.

### CHANGE IN TITLE

Announcement is made by the Guaranty Securities Corporation that, dating from April 15, the title of that organization will be "Continental Guaranty Corporation." It is stated that the new name is adopted as more nearly descriptive of the continent wide operation of what has come to be known as "guaranty plan" banking, and that there is no change in ownership, personnel or policy of the company.

### LEARNING ABOUT THE TRUST COMPANIES

Secretary Leroy Mershon of the Trust Company Section of the American Bankers Association is doing a

highly praiseworthy work by securing from the trust companies of the United States a lot of valuable information concerning the organization of each one, its various departments, character of business, equipment, methods employed, qualifications of employees, number of employees, the company's part in the war, and numerous other important points. Mr. Mershon's plan involves the sending out of a questionnaire, concisely and plainly constructed, so that there is no possible chance for evasion. The replies are coming in at a very satisfactory rate, and the association will soon have daylight shining where it was formerly quite obscure on an important feature of the banking business.

### CHANGING ITS FISCAL YEAR

The Mechanics and Metals National Bank of New York has changed its fiscal year to conform with the calendar year, and in computing its earnings accordingly has declared a regular quar-

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$800,000

## OFFICERS

JULIAN P. FAIRCHILD,  
WILLIAM HARKNESS,  
D. W. McWILLIAMS,  
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

*Vice-Presidents*

THOMAS BLAKE, *Secretary*  
HOWARD D. JOOST, *Assistant Secretary*  
J. NORMAN CARPENTER, *Trust Officer*  
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS

terly dividend of four per cent. for the two months' period ending March 31, this dividend having been payable April 15. The previous dividend was paid February 13.

### HARRY LAWTON GOES TO GUARANTY TRUST

Mr. Harry Lawton, who has been connected with the foreign department of the Fort Dearborn National Bank of Chicago for several years, has resigned there and accepted a position in the foreign exchange department of the Guaranty Trust Company of New York. He recently delivered an able address before the officers of the Central States Bankers Association on the subject of trade acceptances. Mr. Lawton was born in England in 1873 and at the age of 21 entered the employ of Thomas Cook & Son, whom he represented in several of the continental cities. He was sent to their New York office in 1896. The following year he went to Chicago where he became associated with the Illinois Trust and Savings Bank. He was also connected with the old Commercial National Bank prior to its consolidation with the Continental National. Mr. Lawton left the Commercial in 1911, to take charge of the foreign exchange department of the Fort Dearborn National Bank. He was also president of the Export Managers' Association of Chicago, later known as the Foreign Traders' Association.

### GETTING LIBERTY BOND SUBSCRIPTIONS ABROAD

The Irving National Bank of New York, through its London representa-

tive, made a special appeal for subscriptions to the Third Liberty Loan to the leading banks in Holland, Scandinavia, and Spain, agreeing to subscribe in their behalf and to hold the bonds without charge.

Subscriptions from customers of banks in these countries were also being urged, the attention of the foreign bankers having been directed to the present exchange rate, which makes substantial profits possible to investors who purchase Liberty Bonds. In addition to giving investors in European neutral countries an opportunity to subscribe to our bonds, such purchases, whatever their volume, will tend to have a beneficial effect on the foreign exchange situation in those countries.

The foreign banks will either cable their subscriptions direct to the Irving in New York or through its London representative.

### MR. FRANKLIN TAKES UP WAR WORK

Lewis B. Franklin has resigned the vice-presidency of the Guaranty Trust Company of New York to accept the position of Director of War Loans as a regular official of the Treasury Department. Mr. Franklin was also president of the American Investment Bankers Association, and is one of the best known men in that field in the United States.

### ANOTHER GUARANTY TRUST MAN CALLED TO WASHINGTON

Walter D. Hines has resigned as a director of the Guaranty Trust Company, New York, to accept a position in the

**"The Bank That Service Built"**

**THE**

# **SEABOARD NATIONAL BANK**

**OF THE CITY OF NEW YORK**

<b>Capital</b>	<b>\$1,000,000</b>
<b>Surplus and Profits (Earned)</b>	<b>3,535,000</b>
<b>Deposits</b>	<b>65,847,000</b>

<b>S. G. BAYNE, President</b>	
<b>C. C. THOMPSON, Vice-President</b>	<b>O. M. JEFFERDS, Asst. Cashier</b>
<b>B. L. GILL, Vice-President</b>	<b>C. C. FISHER, Asst. Cashier</b>
<b>W. K. CLEVERLEY, Vice-President</b>	<b>J. D. SMITH, Asst. Cashier</b>
<b>L. N. DeVAUSNEY, Vice-President</b>	<b>B. I. DADSON, Asst. Cashier</b>
<b>H. W. DONOVAN, Cashier</b>	<b>J. E. ORR, Asst. Cashier</b>

<b>DIRECTORS</b>		
<b>SAMUEL G. BAYNE</b>	<b>HENRY C. FOLGER</b>	<b>JOSEPH SEEP</b>
<b>WILLIAM K. CLEVERLEY</b>	<b>BENNETT L. GILL</b>	<b>CHARLES C. THOMPSON</b>
<b>EDWARD J. CORNISH</b>	<b>EDW. H. R. GREEN</b>	<b>WILLIAM H. WOODIN</b>
<b>MICHAEL J. DEGNON</b>	<b>PETER McDONNELL</b>	<b>DAVID H. E. JONES</b>

**The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all**

**ACCOUNTS INVITED**

legal division of the Government's railroad organization under Director-General McAdoo. Mr. Hines also resigned as chairman of board of the Atchison, Topeka and Santa Fe Railroad Company.

#### HONORING A WORTHY MAN

At a dinner held at the New York Commerce Club by the Bankers Trust Company in honor of the twenty-fifth anniversary of George Trefoer's connection with that institution, Mr. Trefoer was presented a handsome sterling silver desk set, appropriately engraved. Mr. Trefoer is the assistant treasurer of the Bankers Trust.

#### BOOKLET DESCRIBING ACCEPTANCES AS AN INVESTMENT

The Equitable Trust Company of New York, bond department, has issued a booklet entitled "Acceptances as an Investment." In the foreword they comment in part as follows: "The sub-

ject of acceptances as a credit instrument has been thoroughly and ably presented. Their advantages and convenience as an investment have received relatively slight attention. It is our purpose, therefore, to deal with the acceptance as an investment."

The booklet is simple and concise in treatment and affords an excellent grasp of the subject, reviewing the history of acceptances in this country, their recent development, both as an investment and instrument of credit and their investment advantages and conveniences.

#### "RAISE COMMITTEE" FOR NATIONAL CITY

In order to meet the cost of living due to the increase of prices caused by the war, the National City Bank of New York has created a "raise committee" for the purpose of passing upon the efficiency of those in line for increase in salary or advancement. It involves some trouble, of course, to make such a



## 100 YEARS OF COMMERCIAL BANKING

**LOUIS G. KAUFMAN**  
President

**FRANK J. HEANEY**

Vice President

**WILLIAM H. STRAWN**

Vice-President

**NORBORNE P. GATLING**

Vice-President

**H. A. CLINKUNBROOMER**

Vice-President

**ROLFE E. BOLLING**

Vice-President

**WALLACE T. PERKINS**

Vice-President

**WALTER B. BOICE**

Asst. Cashier

**VINTON M. NORRIS**

Asst. Cashier

**RICHARD H. HIGGINS**

Vice-President

**BERT L. HASKINS**

Vice-Pres. and Cashier

**C. STANLEY MITCHELL**

Vice-President

**MAX MARKELL**

Vice-President

**GEORGE R. BAKER**

Vice-President

**HENRY L. CADMUS**

Asst. Cashier

**HENRY C. HOOLEY**

Asst. Cashier

**JOSEPH BROWN**

Asst. Cashier

**GEORGE M. HARD**

Chairman

ACCOUNTS INVITED

**Total Resources over \$90,000,000**

committee effective, but the bank is working out the problem quite satisfactorily, and in the final outcome it will undoubtedly secure good results.

### FEDERAL POSITION FOR MR. WALTER

State Bank Examiner William E. Walter, of Rutherford, New Jersey, has been appointed Federal Reserve Examiner for service with the Federal Re-



**WILLIAM WALTER**  
Examiner for Federal Reserve Board

serve Board. Mr. Walter's acceptance of this position entails a sacrifice on his part, but he feels that his first duty and responsibility should be to answer

any Federal call. His duties will take him to Washington and to the twelve Federal Reserve Districts in examining and regulating the Federal Reserve Banks for the Board. The position carries with it exceptional opportunity and honor.

### STILLMAN FORTUNE GOES TO RELATIVES

Various estimates of the wealth left by the late James Stillman, president of the National City Bank of New York, are made, ranging from \$50,000,000 to \$100,000,000. There are two trust funds of \$3,500,000 each, the incomes of which go to his daughters, Mrs. Elsie Rockefeller and Mrs. Isabel G. Rockefeller. The residuary estate is given to Mr. Stillman's three sons, James A., Ernest G. and Charles S. Stillman. Mr. Stillman left his personal effects, including a valuable art collection, to his daughters.

### TREASURY CERTIFICATES

In a circular letter sent to the banks of this district, Governor Strong of the Federal Reserve Bank of New York advises the bankers of Secretary McAdoo's new offering of Treasury certificates of indebtedness, dated April 10 and maturing July 9. The Reserve Bank will receive and hold in custody

THE officers of this bank are always at  
the immediate service of its customers

PRINEAS C. LOUNSBURY, *Chairman*

HERMAN D. KOUNTZE, *President*

EDWARD K. CHERRILL, *Vice-President*

KIMBALL C. ATWOOD, *Vice-President*

GILBERT H. JOHNSON, *Vice-President*

WILLIAM F. FITZSIMMONS, *Vice-President*

FRANK E. ANDRUSS, *Cashier*

JOHN P. LAIRD, *Assistant Cashier*

## ATLANTIC NATIONAL BANK

257 BROADWAY · NEW YORK

*Capital, Surplus and Undivided Profits, \$1,800,000*

for subscribing banks all their certificates for this and future issues.

### INCREASE OF CAPITAL APPROVED

The application of the American Foreign Banking Corporation of New York for an increase of capital from \$2,500,000 to \$3,200,000 has been formally accepted by the New York State Banking Department.

### GUARANTY TRUST OPENS ANOTHER LONDON OFFICE

The Guaranty Trust Company of New York has opened a new office in London, located at No. 5 Lower Grosvenor place, near the headquarters of the American Embassy and other of our Government's offices. This is for the purpose of affording greater convenience to those in the overseas service. Recently the main London office of the Guaranty Trust Company, at 32 Lombard street, E. C., was designated as the United States depository. The

Paris office of the company, located at 1 and 3 Rue des Italiens, was similarly designated last November.

### ANNUAL DINNER OF CHAPTER FORUM

The fifth annual dinner of the forum of the New York Chapter of the American Institute of Banking was held at the Hotel McAlpin, Wednesday evening, April 3. More than 300 were present. Romaine A. Philpot, chairman of the forum, presided.

The address of the evening was made by former Senator Theodore E. Burton, president of the Merchants National Bank of New York, who in the course of his remarks made the prediction that a double result of the war in which the United States is now engaged will be a complete victory over Germany and a solidifying of the American people into a unified and thoroughly democratic nation.

The title of Mr. Burton's address was "Our First Year of War Against Germany," and he roused his audience by

**BUFFALO SECURITIES**—Our Bond Department can be  
of service to you in this regard

## **Citizens Commercial Trust Company**

**BUFFALO, N. Y.**

**Capital and Surplus - \$2,500,000.00**

**MEMBER FEDERAL RESERVE SYSTEM**

rehearsing the crimes which Germany has committed against civilization and which have drawn so many nations into the struggle against her. Mr. Burton quoted Germany's former Chancellor, Von Bethmann-Hollweg, as saying to a friend of Mr. Burton's, "The whole world is against Germany and Germany is right." It is the spirit underlying that remark which, according to Mr. Burton, we are opposing in this war.

Mr. Burton called upon the bankers to make the Third Liberty Loan a greater success than were either the first or second loans. "Wall Street can be depended upon to do its part," he said. "The experience of the Government financing hitherto has shown how dependably the financial section of New York can be relied upon. Bankers throughout the length and breadth of the country who take their example from Wall Street will accomplish great things in making the Third Liberty Loan a supreme success."

H. R. Kinsey, president of New York Chapter, and J. A. Neilson, vice-president of the Mercantile Bank of the Americas, urged the audience to cooperate to make the banking support of the nation effective in the war.

### **OPPORTUNITIES IN SOUTH AMERICA**

Sigmund Metz, assistant manager of the foreign department of the Guaranty Trust Company of New York, makes a strong presentation of the opportunities that are afforded American business men in South America. He says the war has made these opportunities more striking-

ly evident than ever before. England, says Mr. Metz, has cultivated this rich field of trade for decades, and France, Germany and several other nations have followed suit. They have built up the machinery to take full advantage of these opportunities, and they were gradually perfecting and completing this machinery when the war interrupted their activities. Banks, trading companies, steamship lines, land mortgage institutions, important private firms, all formed part of the chain which linked ever-widening regions of South America to the parent interests at home.

Until a comparatively recent period the United States did not constitute a factor of importance in this international movement. Our rapidly expanding home market, our lack of a mercantile marine and suitable foreign banking facilities, combined with an absence of personal contact with Latin Americans, are probably the chief causes of this backwardness. But what has been accomplished during the few years since the United States began to take a really active interest in overseas trade, and specially in establishing more intimate relations with the southern portion of the Western Hemisphere, merits the attention of the world.

### **BUSINESS MANAGER ATLANTIC NATIONAL BANK**

Clarence D. Johnson has been appointed manager of the new business department of the Atlantic National Bank of New York. He assumes the new po-

sition with an excellent reputation for work in this line.

Mr. Johnson has in recent years been identified with four New York banks—the old Fourth National, the Mechanics



**CLARENCE D. JOHNSON**

New Business Department, Atlantic National  
Bank, New York

and Metals Bank, the National City Bank and the Astor Trust Company, and more recently worked with the Textile Alliance, Inc., under the direction of the War Trade Board.

**JAMES A. O'NEILL A VICE-PRESIDENT**

The Guaranty Trust Company of New York has elected James L. O'Neill a vice-president. Mr. O'Neill has been engaged in credit work for more than twenty years. He was born in Pittsburgh, Pa., on October 8, 1881, and after graduation from the public schools in 1895 he entered the service of the Bradstreet Company as delivery boy and file clerk, remaining there until February 1, 1896. On that date the

## Resources

**\$17,000,000.00**

**If intelligent handling of items and low rates appeal to you send us your Buffalo business**



## Try our Service

**and you will be entirely satisfied**

**A. D. BISSELL, President**  
**C. R. HUNTLEY, Vice-Pres.**  
**E. H. HUTCHINSON, Vice-Pres.**  
**E. J. NEWELL, Vice-Pres.**  
**HOWARD BISSELL, Cashier**  
**C. G. FEIL, Asst. Cashier**  
**A. J. ALLARD, Asst. Cashier**  
**G. H. BANGERT, Asst. Cashier**

Carnegie Steel Company, Limited, first organized credit activities under a separate bureau chief, and Mr. O'Neill entered the new organization as an office boy. He has been employed there continuously since, serving in each position, including stenographer, for which he fitted himself at night school. On January 1, 1913, he was appointed credit manager and subsequently organized the credit activities as an independent department of the company. He has traveled much over the country, and has a large acquaintance with credit men. He is a member of the National Association of Credit Men and has served as director in the Pittsburgh Association of Credit Men.

#### NEW HAVEN LINE RELIEVED BY SECRETARY MCADOO

Director-General McAdoo has agreed to extend to the New York, New Haven & Hartford Railroad \$13,964,000 necessary to meet the system's issue of one-year collateral trust notes which matured on April 15. The money will be loaned for one year at six per cent. with the right of renewal for one year more on the same terms.

#### AN AGREEMENT THAT IS FAR-REACHING

The Irving National Bank of New York has made an agreement with the London Provincial and Southwestern Bank, Ltd., London, England, whereby both institutions will increase their facilities as well as their advantages in the promotion of finance and trade between the two countries. The agreement provides for the establishment of an English department in the Irving National and an American department in the English institution, which will not only promote harmony between the two institutions, but will in many ways facilitate trade operations between the two countries.

#### URGING BOSTON BANKS TO ACCEPT LOW INTEREST

Governor Morss of the Federal Reserve Bank of Boston has sent out the

following letter to the banks in that district:

The competition for deposits through the advertising of interest rates has been the subject of much concern to the Federal Reserve Board, who have asked us to urge the banks and bankers of this district who are contemplating advancing the interest rates paid by them on deposits, to defer action, and urging those that are paying more than normal rates to reduce them.

The Federal Reserve Board feels that Government financing should have the right of way, and that the reserve strength of the banks would be increased by encouraging the public to invest in Treasury Certificates of Indebtedness and Liberty Bond issues rather than banks competing for these funds and thus necessitating heavy investment in these securities for their own account. The wide distribution of Government issues is most important.

The Board also points out that deposits throughout the country show a general tendency to increase in volume, and that there seems to be no good reason to increase rates of interest paid for them, thus adding to cost of money.

Transfer of balances from one bank to another does not add anything to the strength of the banking position as a whole, and the Board feels that it is most important and urges that a broad national view be taken of this question.

In view of the approaching Liberty Bond campaign, sharp nation-wide contest between banks for deposits would be particularly unfortunate.

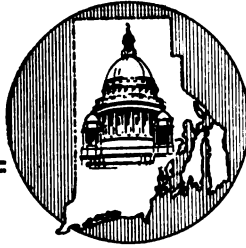
#### HANOVER TRUST COMPANY OF BOSTON

The Hanover Trust Company of Boston has opened a new office in the Journal building, at Washington and Water streets. This is now known as the head office of the company, the old office, at 132 Hanover street, becoming a branch. Mr. Stabile is president of the company, Mr. Chinielinski, vice-president and treasurer, and Mr. Reidy assistant treasurer.

#### FINANCING MASSACHUSETTS

The work of financing the State of Massachusetts is shown in a plan just announced by State Treasurer Burrill. This financing is made up of two loans of \$2,500,000 each by the Guaranty Trust Company of New York and Kuhn, Loeb & Co., of New York, and is issued in anticipation of taxes. The notes are dated April 4, 1918, and mature October 25 and November 19 of this year, and will be payable at the

1868



1918

## Our Half Century of Service

This year the Rhode Island Hospital Trust Company celebrates its 50th anniversary. The Company believes that its long experience in matters of banking and trust is an asset of great value. This experience, together with strong management, complete equipment and large resources, provides ample reason for the confidence of our clients and correspondents.

### *Rhode Island Hospital Trust Company*

15 WESTMINSTER STREET, PROVIDENCE, R. I.

Guaranty Trust Company of New York. The rate obtained was satisfactory in view of the money market condition. It is not expected that there will be any public offering of these notes until after the third Liberty Loan campaign.

#### R. I. HOSPITAL TRUST IN RESERVE SYSTEM

The Rhode Island Hospital Trust Co., Providence, is now a member of the Federal Reserve System. The Hospital Trust Co. is one of the largest banks in New England, with deposits in excess of \$52,000,000.

#### SOUND TALK BY A CHICAGO BANKER

Lucius Teter, president of the Chicago Savings Bank and Trust Company, recently told the members of the Executives' Club the following pertinent facts:

The Civil War was badly financed, but we came into this war with an ideal banking system and a treasury department which knew the soundness of keeping gold re-

serves where they belong. The capital of the banks a year ago was \$1,200,000,000; now it is three times that amount. We got through the first year of the war and we are sound.

The Civil War executives made no attempt to tax for the war until after two years of conflict. Our present government has adopted the plan of pay as you go. We are not going to have a great financial panic like that of 1873, which was largely due to bad war financing. We will pay as we go, and if next year shows that the income and excess revenue taxes have to be doubled they will be and we will pay.

We will have to put more women into industry and employ the man over 45, for we are going to need labor as we never needed it before. We must learn to economize.

We must carry less stock and keep it moving faster. We must not use so much credit. A man can pay in thirty days just as well as in sixty if he only thinks so.

#### BANKERS SUPPLY COMPANY

The Bankers Supply Company, lithographers, of Chicago and Denver, and which was established in 1865, specializing in bank checks, drafts, passbooks, and check covers, have purchased prop-

# Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

*Send for our booklet*

**"The Transfer of Reserves  
To Federal Reserve Banks"**

## THE Philadelphia National Bank

(ORGANIZED 1883)

erty on State street, Chicago, extending from State to Dearborn, at Sixtieth street, where they will erect a new factory building, costing over \$100,000.

Under the present management, which has had charge for the past ten years, the company has had a remarkable growth, rising from one of the smallest concerns until they now manufacture the largest line of bank checks in the world.

### INCREASING LABOR COSTS

In its "Monthly Review of Business," dated April 9, the National Bank of the Republic, Chicago, thus calls attention to the rise in the cost of labor:

As to the present situation, there are few vestiges remaining of the serious interruptions to business experienced during the early months of the year. Manufacturing outputs have rapidly returned to normal volumes, although the restraining influences of transportation delays, insufficient raw material supplies and labor shortages are ever present, the last especially being aggravated by a migratory tendency on the part of

labor induced by insufficient housing facilities and by the allurements of high wages. In fact the excessive labor turnover vies with high wages in producing the present unexampled labor costs in manufacturing industries. Although few concerns keep, or are able to derive, accurate figures on the expense of training a new workman, it is realized that such expense, plus the cost of the inevitable work spoiled, is considerable, especially in the highly skilled trades, and that it constitutes no mean factor in raising manufacturing costs.

### OPTIMISM IN THE WEST

The monthly letter of the National City Bank of Chicago contains some optimistic views regarding the future that are really refreshing. In one paragraph it says:

Bank clearings in fifty cities for the third week of March showed a 10 per cent. gain over the same week of 1917. The gain for the year in the territory outside New York city amounted to nearly 24 per cent. This reflects widespread trade activity and furnishes grounds for taking an optimistic view of the future. Should there prove to be foundation for the report that the Railway



## EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION  
NATIONAL  
BANK**



**PHILADELPHIA**

Resources over  
**\$13,000,000**

Wage Commission intends to increase the wages of two million employees, in a way which will mean the addition of \$300,000,000 yearly to payroll requirements, further activity in retail lines may be anticipated. Any such increased burden as that could be sustained, however, only through a generous advance in freight rates, since the roads must be made self-sustaining during the period of government operation. Otherwise the resultant shortage, whatever it was, would have to be provided for through increased taxation at a time when unprecedented burdens of that character had been imposed upon the people. The government authorities are in absolute control of the roads under the provisions of the railroad law just enacted. This system has worked out to good advantage so far, but a very important test is likely to come through a demand from organized labor for wage increases surpassing all previous claims of this character. Any such adjustment might be highly embarrassing for the government to arrange at a time when the problem of retaining the loyal support of the wage earning classes was vital to the successful carrying out of the military programme.

### AN EXPERIENCED MAN REWARDED

Daniel A. Ruebel has been appointed publicity director of the Union Trust

Company and the St. Louis Union Bank, of St. Louis. Mr. Ruebel is an advertising man of excellent experience, having been connected with a St. Louis daily paper and having also been vice-president of the Fisher-Ruebel-Brown Advertising Agency.

### A FORMER KANSAN HONORED

L. H. Moore, a former banker at Blaine, Kansas, also at Argentine in the same state, and a graduate of the State University of Kansas, has been appointed State Bank Examiner in the State of Washington, to succeed W. E. Hanson, who recently resigned to become assistant to the president of the Scandinavian Bank at Seattle, Wash.

### BARGE SERVICE WANTED AT ST. LOUIS

The influence of the St. Louis Chamber of Commerce is being exerted to push national legislation for the appropriation of approximately \$17,000,000 for the building of towboats and barges

# INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

**Assets over . . . \$70,000,000**

**SAMUEL P. COLT, Chairman of the Board of Directors**

	<b>H. MARTIN BROWN, President</b>	
<b>JOSHUA M. ADDEMAN</b>	<b>Vice-President</b>	<b>HENRY B. CONGDON</b> . . . <b>Secretary</b>
<b>JAMES M. SCOTT</b> . . .	<b>Vice-President</b>	<b>J. CUNLIFFE BULLOCK</b> . . . <b>Trust Officer</b>
<b>FRANK C. NICHOLS</b>	<b>Vice-President</b>	<b>ELMER F. SEABURY</b> . . . <b>Assistant Treasurer</b>
<b>SAMUEL M. NICHOLSON</b>	<b>Vice-President</b>	<b>HARRY C. OWEN</b> . . . <b>Assistant Secretary</b>
<b>WARD E. SMITH</b> . . .	<b>Treasurer</b>	<b>HENRY C. JACKSON</b> . . . <b>Assistant Secretary</b>

on the Mississippi River, as provided in the railroad bill.

**NEW BUILDING FOR THIRD NATIONAL OF ST. LOUIS**

The Third National Bank of St. Louis has completed plans for the erection of a substantial building adjacent to its present building on Broadway. It will be one of the finest bank buildings in the country, and will be up-to-date in equipment and general arrangement.

**HONOR BESTOWED UPON MR. HAWES**

Upon his retirement from the presidency of the St. Louis Chamber of Commerce, Richard S. Hawes, vice-president of the Third National Bank of St. Louis, received the following letter from the executive committee of the chamber:

Dear Mr. Hawes:

One of the most difficult things in executive work is to assume the unfinished business of an administration and see it successfully through.

The executive committee feels that you not only did this in a most capable manner, but added ideas and a zeal of your own, that were the means of bringing to a fitting close what in many respects was the most remarkable year in the history of the Chamber of Commerce; and we take this means of showing our recognition and praise for your unselfish efforts in behalf of the chamber. The service rendered was intelligent and comprehensive.

Under your leadership the spirit of national service was splendidly expressed, and benefits acquired that are of such import-

ance as to give promise to permanent good for St. Louis.

The splendid public spirit with which you responded to the duties of acting president, as well as your service as first vice-president, is an example of an ideal type of citizenry, which is the vital force that puts



**NOBLE R. JONES**

Recently appointed Manager Department of New Business, Third National Bank, St. Louis, Mo.

(Mention of Mr. Jones' appointment was made in the April number.)



# UNION COMMERCE

## *National Bank*

OF CLEVELAND

Capital \$4,000,000

Surplus 2,000,000

*"Expedition Service now—  
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON, . . . President  
GEORGE S. RUSSELL, . . . Vice-President  
WILLIAM E. WARD, . . . Vice-President  
ELMER E. CRESWELL, . . . Vice-President  
WILLIAM C. CAINE, . . . Vice-President

WALTER C. SAUNDERS, . . . Cashier  
HARRY E. HILLS, . . . Asst. Cashier  
CARI. R. LEE, . . . Asst. Cashier  
FRANK A. WHITE, . . . Asst. Cashier  
FRED. W. COOK, . . . Asst. Cashier

forward the best interests of our city. We thank you most heartily for your free expression of it.

Respectfully yours,  
D. I. MEIER,  
For the Executive Committee.

### WANTS THE WHOLE THING

A resolution has been adopted by the Montana House of Representatives asking Congress to conscript for the nation all fortunes above \$1,000,000 to be used for war expenses.

### NEW ASSISTANT MANAGER

The Bank of California, National Association, has chosen G. L. Wakeman as assistant manager of the Seattle branch. For many years he was in the main office of the bank at San Francisco. The Seattle branch is under the management of E. C. Wagner, who announces that the new assistant manager was made necessary by the large growth of business.

### RE-ELECTION AT RIPE OLD AGE

William Beckman, eighty-five years of age, has been re-elected president of the People's Savings Bank of Sacramento, California. He has just completed his thirty-eighth year as president of the bank, and has the distinction of being the oldest bank president in California in point of continuous service.

### SAN FRANCISCO CHAPTER, A. I. B.

The activities of the San Francisco Chapter, A. I. B., are well recorded in a letter from John Clausen, vice-president of the Crocker National Bank of that city. He says:

The Foreign Trade Forum, which was organized by Mr. W. O. Patch, has proven one of the most interesting, as well as educational, features of the San Francisco Chapter. Their last few meetings have been devoted to the study of Trade Acceptances, and some very constructive findings have been brought out by the members who attended.

# SEND YOUR BUSINESS

ON THE

## Twin Cities AND THE Northwest

TO THE

CAPITAL AND SURPLUS  
TEN MILLION DOLLARS



*We are prepared to meet your most exacting requirements and cordially invite you to write to us*

It was my privilege to prepare a paper for these sessions treating upon this phase of the Bank Act, which they have accepted to lead their discussion. I am taking the liberty of sending you a copy of the manuscript and would much appreciate your courteous consideration towards inaugurating similar meetings in your chapter, and

later receive an expression of opinion from those of your members who may be selected to constitute the forum.

I have approached all the chapters in the United States relative to this subject with the view of collecting information which will prove invaluable in the research work which is now being conducted in favor of this comparatively new instrument in American banking and commerce.

You will be pleased to learn that I have been privileged by an appointment to membership on the general committee of three to represent the American Institute of Banking in the nation-wide campaign that is being conducted under the direction of the American Trade Acceptance Council for the purpose of encouraging bankers and business men to use the trade acceptance as a means of strengthening America's financial position.

The chairman of our committee appointed by Mr. R. S. Hecht, president of our institute, is Mr. Freas Brown Snyder, vice-president of the First National Bank of Philadelphia, with Mr. C. B. Hazlewood, vice-president Union Trust Company, Chicago, and myself serving with him.

There is a surprising lack of knowledge regarding the trade acceptance, and the use of this instrument as one of the most potent factors to increase American financial efficiency has not received the attention it merits. I firmly believe that the time will come when all commercial transactions will be financed in that manner and so provide flexibility of credits.

In the Federal Reserve Act provision is made to stimulate the reorganization of the American credit system by employing the proper form of commercial paper. This development is a matter of transcendent importance because real elasticity and mobility of credit cannot be achieved unless there is available a negotiable instrument through the dealing in which these purposes are attained.

## B/L BANK of CHICAGO



We collect direct Bill of Lading items on every shipping point in the United States and Canada. A special department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

**UNION TRUST COMPANY**  
**CHICAGO**

*Strictly a Commercial Bank*  
*Established 1869*

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

*Capital & Surplus, \$2,500,000    Resources, \$13,940,000*

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.

CLINTON G. MORGAN, Cashier

JOSEPH W. LEFFLER, Asst. Cash.

WILLIAM R. WEBB, Asst. Cash.

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### BANK OF ITALY ESTABLISHES INTER-BRANCH CLEARING SYSTEM

An interbranch clearing system has been established by the twenty branches of the Bank of Italy in seventeen California cities. The system is similar to that now in use among the 400 branches of the Canadian Bank of Commerce, which has branches from London, England, to Victoria, B. C., and down to Mexico City. The interbranch system simplifies accounting methods and eliminates a large percentage of entries at the head office, while at the same time adding protection and safety.

E. C. Aldwell, assistant cashier, and George O. Bordwell, auditor of the Bank of Italy, recently spent two weeks in Canada, where they studied the auditing and clearings systems of the Canadian Bank of Commerce. For some days a school was conducted by the Bank of Italy in the head office at San Francisco, which was attended by some forty representatives from the several branches. Messrs. Aldwell and

Bordwell have acted as instructors in the installation of the new system.

The installation by the Bank of Italy of the interbranch clearings system is of interest in banking circles throughout the country, as the California banking house is believed to be the first to adopt the system in the United States.

### CHARGING FOR SMALL ACCOUNTS

The Savannah (Ga.) Clearing-House is considering the question of making a charge of 50 cents per month to customers running open checking accounts and maintaining an average checking balance of less than \$50 per day.

### A. I. B. BULLETIN

The national organization of the American Institute of Banking will in June begin the publication of a quarterly magazine to be known as the "Bulletin." The new publication will be devoted to the interests of the 22,000 Institute members throughout the



## What Do Bankers Want?

Years ago, in seeking to increase our business with banks, we answered that question for ourselves.

### BANKERS WANT SERVICE—

Individual, Prompt, Efficient Service.

We have therefore specialized on Service—and the volume of our deposits from banks is now larger than that of any other institution West of the Mississippi River.

WRITE US—CALL ON US

## The National Bank of Commerce

IN ST. LOUIS

**Capital, Surplus and Profits, \$13,000,000.00**

JOHN G. LONSDALE, President

W. B. COWEN, Vice-President

J. A. LEWIS, Vice-President and Cashier

R. F. McNALLY, Vice-President

United States. The first issue of the "Bulletin" will contain approximately 100 pages, of a small enough size to be carried in the pocket and of a typographical arrangement that will make it unusually attractive to its readers.

#### SPRING MEETING CHANGED TO MAY 9, 10 AND 11

Owing to the pendency of the third Liberty Loan campaign the proposed spring meeting of the executive council of the American Bankers Association as originally planned has been postponed to a later date. The meeting was to have taken place April 22, 23 and 24. A referendum has been taken among the members of the executive council, as a result of which it has been decided to hold the meeting at Hot Springs, Ark., May 9, 10 and 11.

#### RESIGNS FROM INSURANCE COMMITTEE

B. A. Ruffin, secretary of the insurance committee of the American Bank-

ers Association since October, 1913, has tendered his resignation, effective May 1. He will be metropolitan manager for the General Accident Fire and Life Assurance Corporation, Limited, with offices at 100 William street, New York.

#### BANKS HANDLING WAR SAVINGS STAMPS

The American Bankers Association recently sent out the following communication:

We are very pleased to report that 18,000 banks and trust companies have accepted appointment as agents, have named directors of their respective War Savings Divisions, have obtained supplies of stamps, placed them on sale and are boosting the War Savings Campaign in every possible way.

In addition to these, we can safely say that there are 7,000 banking institutions that are selling War Savings and Thrift Stamps, but which have not accepted appointment through fear that they would be required to make voluminous reports and keep a lot of detailed records.

The Director of War Savings Division of every bank and trust company has been requested to organize one or more model

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# A Book for Bankers—

Our booklet "Essentials in the Granting of Bank Credits" should prove interesting to every banker. It describes the principles and methods which are observed, and contains a general description of bank credit department methods.

We shall be glad to mail you a copy of this booklet upon request.

## Mississippi Valley Trust Co.

*Member Federal Reserve System*

ST. LOUIS

MISSOURI

---

War Savings Societies. This in itself will be a service of tremendous value. We believe that over two hundred thousand of these societies can be formed within the short period of six months, with a total membership of eight or ten million people.

Success with this campaign is vital to the future of the nation. Millions of new savers and millions of new savings have already been created. To these there will be added many millions more. The savings of these people will go a long way towards financing the war, protecting the present business of the country, and placing America in a position to make a creditable fight for a fair share of the world's commerce after the war.

We believe the psychology of the times is such that the lesson of thrift and industry can be driven home to every individual in the land in a most effective way.

### SAVINGS BANKS AND THE WAR

In connection with the relation between the savings banks and the national war loans these facts are pertinent:

In no European country, save temporarily in France, have the savings banks been adversely affected during the war. Deposits have as a rule actually

increased. The latest report of the Superintendent of Banks in New York State showed that there was an increase in New York State last year.

The pending War Finance Corporation law makes provision for advances to savings banks by the corporation in case of necessity. It can hardly be questioned that if the savings banks were to be seriously threatened the Government would take means to avert the danger.

A decline in security values might in one respect actually work to the advantage of the savings banks; for, granting an increase in deposits, they would be able to increase their investments in bonds at a higher income yield. This last consideration, of course, presupposes that there would be no actual "run" on the banks. No such possibility has as yet arisen.

### CANADIAN PACIFIC EARNINGS

The report of the Canadian Pacific Railway for the year 1917 show an increase of earnings of \$13,000,000 over

Established  
1857



60 Years of Con-  
servative Banking

The  
**Mechanics-American  
National Bank**  
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$50,533,000

▲ STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND  
THE STRENGTH TO GIVE THE BEST SERVICE

**ACCOUNTS INVITED**

**WALKER HILL, President**

**FRANK O. HICKS . . . Vice-President**  
**JACKSON JOHNSON . . . Vice-President**  
**EPHRAIM CATLIN . . . Vice-President**  
**JOSEPH S. CALFEE . . . . . Cashier**

**CHARLES L. ALLEN . . . Asst. Cashier**  
**JAMES B. LEAVELL . . . Asst. Cashier**  
**C. H. CHASE . . . . . Asst. Cashier**  
**RICHARD L. KING . . . Asst. Cashier**

the previous year, although the net earnings were less \$4,000,000. This shrinkage in net earnings is attributed almost entirely to the advance in wages and the high cost of fuel and materials of every description.

**CONSOLIDATION OF CANADIAN BANKS**

The Bank of British North America (head office London) is being consolidated with the Bank of Montreal, under the name of the latter. One of the advantages of the proposed merger will be the bringing of the Bank of British North America under the provisions of the Canadian Bank Act. At present it operates under a British charter and as a consequence important business matters between the Bank of British America and its clients now have to go to London for determination, involving long delays and other drawbacks; this procedure would be obviated with the head office in Canada. The Bank of Montreal was founded in 1817. It has a paid-in capital of \$16,000,000, a re-

serve fund of the same amount, and deposits of \$317,156,428, while the Bank of British North America was founded in 1836 and has a paid-in capital of \$4,866,666 and a reserve of \$3,017,333, with deposits of \$59,083,807. The combined banks would constitute one of the large banking institutions in the world and be far in the lead of all competing Canadian banks. In the event of the merger going through, it is understood that many of the branches of the Bank of British North America in the different cities of the Dominion would be carried on without change in management for an indefinite period as branches of the Bank of Montreal.

**ROYAL BANK OF CANADA**

Announcement was recently made by the Royal Bank of Canada, whose head office is at Montreal, of the opening of a branch in Barcelona, Spain. In addition to the 365 branches of this bank located at every important point throughout Canada and Newfoundland,

there are fifty-six branches in the West Indies and Central and South America.

The statement of the Royal Bank of Canada on February 28, 1918, makes the following excellent exhibit:

#### LIABILITIES

Capital, paid-up .....	\$ 12,911,700.00
Reserve fund .....	14,000,000.00
Undivided profits .....	564,264.53
Dividend No. 122, payable March 1, 1918 .....	387,351.00
Notes in circulation .....	25,490,642.49
Deposits .....	262,569,164.25
Due to other banks .....	7,045,991.91
Bills payable (acceptances by London branch) .....	450,227.19
Acceptances under letters of Credit .....	6,170,649.34
	<hr/>
	\$329,589,990.71

#### ASSETS

Cash on hand .....	\$ 34,157,915.29
Deposit in the central gold re- serves .....	13,000,000.00
Notes of and cheques on other banks .....	19,093,792.77
Due from other banks .....	11,779,839.58
Government and municipal se- curities .....	36,301,759.92
Railway and other bonds, de- bentures and stocks .....	14,190,817.69
Call loans on stocks and bonds	27,507,989.33
Deposit with Dominion Gov- ernment for security of note circulation .....	645,585.00
	<hr/>
	156,677,699.58
Loans and discounts .....	159,139,812.24
Liabilities of customers under letters of credit as per contra .....	6,170,649.34
Bank premises .....	6,509,722.45
Real estate other than bank premises .....	1,092,107.10
	<hr/>
	\$329,589,990.71

#### ASSOCIATED ADVERTISING CLUBS OF THE WORLD

The Associated Advertising Clubs of the World have established a definite point of contact with the new organization of "Blue Sky" commissioners for mutual good.

George M. Husser, secretary of the National Vigilance Committee of the Associated Advertising Clubs, attended the first conference of the organization, which is called the National Association

## Don't You Prefer the INKLESS Way?

Finger print identification is proving superior to other systems with signatures, test questions, photographs or physical outline charts, and is to-day the most positive and reliable system known.

And isn't it worth while to remember that the courts are construing "due care," as required by law, more conservatively than in the past as applied to savings banks in making payments?

With finger print methods of identification coming into general use, it remains only to choose the best system offered.

The Bauder Inkless System of Identification is more than safe and certain. It is clean and quick. It requires no change in the ordinary equipment of passbooks and signature cards and can be used on letters of credit, checks, certificates of deposit—wherever positive identification is desirable.

The Bauder Inkless System enables a bank to avoid payment on wrong identification; protects depositors as well as the bank; strengthens a bank's reputation and good will; saves the tellers' time and gives customers better service.

The fact that a bank takes finger print records attracts business from foreigners, illiterates and those whose lack of business experience make them distrustful of banks.

Finger print records are almost indispensable in handling the savings accounts of children, and are particularly valuable for inactive accounts in agricultural districts.

Our booklet A, "Finger Prints for Bankers," is promptly sent to any address on request.

#### Thirty-Day Trial Free

Write us to-day that you want to make a test of the Bauder System and we will send you an outfit, by prepaid express, to try at our expense for thirty days. After two hours of study with the instruction chart, your teller will find the directions for use so simple that he will be ready to make, read and compare any and all finger prints so satisfactorily that he can without doubt, hesitation or mistake safely pay out money at any time to the right party. If, at the end of thirty days, you are not satisfied, send the outfit back to us, express collect.

We are looking for A-1 men to represent us and will thank you to put us in touch with any good man you can highly recommend.

## Bauder Identification Company

Owners of Basic Patents of INKLESS Finger  
Print Methods and Processes

712 Astor Trust Building, New York



## Lux Home Safes

### COST CONSIDERABLY LESS

Than other quality banks; receive all coins from half dollars down, also paper money. Made of high-grade material, heavily nicked on copper, name-plate on etched brass plate.

### FREE SAMPLE

On request, to officials of Banking Institutions  
Write us

## STRONGHART COMPANY

1510 Wabash Avenue - - Chicago

of Securities Commissioners, and offered the officials information from the wealth of data which the vigilance committee has in its files at Indianapolis.

He also cited to the meeting the methods which some commissioners had already followed in coöperating with the National Vigilance Committee and with local vigilance committees and better business bureaus of advertising clubs.

One of the problems confronting the commissioners, Mr. Husser found, grew out of the fact that some newspapers were carrying advertisements of securities which could not meet the requirements of local "blue sky" departments. By establishing an office in one of the few remaining states which do not have such legislation and selling their stocks entirely by mail, these concerns have been able to evade the law, inasmuch as

the stock buyer sends his money out of the state, and the transaction takes place in the other state.

Mr. Husser told the commissioners that in many instances it would only be necessary to call the attention of such newspapers to the character of the securities offered. The experience of the National Vigilance Committee, he told them, had been that the newspapers were, as a rule, most willing to coöperate in the protection of the public, and that this was especially true in these times when every idle dollar should be conserved for investment in Government bonds.

Mr. Husser praised the method which Charles J. Andre, the Minnesota Commissioner, has employed in such cases. In coöperation with the local advertising club at Minneapolis, he has used paid advertising space in the newspa-

\* \* \* \*

We offer a service for  
the increasing of deposits.

\* \* \* \*

The fee for this service  
is contingent upon the  
guaranteed results.

\* \* \* \*

We desire to tell you  
more of this service—  
without obligation of  
course.

WRITE

**The Bankers  
Service Corporation**

258 Broadway, New York City

pers to tell the public about securities which are being offered but which have not been approved by the Securities Commission. The vigilance department of the Minneapolis advertising club prepare the "copy" for him.

"Publicity can be and should be one of the strongest weapons at your command," Mr. Husser told the commissioners.

Mr. Andre, of Minneapolis, was elected secretary of the new Association of Securities Commissioners, and H. L. Carnahan, the California Commissioner, was elected president.

#### STAMP TAX RULING

United States Attorney-General Gregory has made a ruling to the effect that the stamp tax imposed under the war revenue act of October 3, 1917, on sales or transfers of stock, applies four-fold to short sales. It is understood that a protest will be made to the ruling by the New York Stock Exchange. The ruling was made known by the Treasury Department in the following communication:

Office of Commissioner of Internal Revenue,  
Washington, D. C.

To Collectors of Internal Revenue and  
Others Concerned:

In accordance with an opinion from the Attorney-General, dated March 23, 1918, it is held that the transfer of shares or certificates of stock in any association, company or corporation made by the person

## United States Corporation Company

65 CEDAR STREET  
NEW YORK CITY

ACTS AS

**Transfer Agent and Registrar**

FURNISHES

Principal Offices for Corporations in all  
States and the Canadian Provinces

## Today's Duty— Yours and Ours

is to win the World War.

Civilization is menaced.

The security of our homes  
is threatened.

The future of our children  
is in jeopardy.

The deep foundations of  
our liberty are in danger.

It is your business and  
ours to drive home these  
truths.

### Collins Publicity Service

Philadelphia,

Penna.

loaning stock to another borrowing the stock to effect a sale, and also the transfer of shares or certificates of stock from a borrower returning them to a lender in fulfillment of the borrower's obligation to buy in and return stock, are both subject to the tax imposed by Section 800 and 807, Schedule A, sub-division 4, Title VIII, of the War Revenue Act of October 3, 1917. In a so-called short sale transaction there are therefore four taxable sales or transfers:

- (1) The sale of stock by the person making the short sale;
- (2) The transfer from the lender of stock to the person making the short sale so that he may make delivery of the stock sold;
- (3) The purchase by the borrower of stock to return to the lender;
- (4) The transfer from the borrower to the lender of shares to replace those borrowed.

DANIEL C. ROPER,

Commissioner of Internal Revenue.

Approved: March 30, 1918.

W. G. McADOO,  
Secretary of the Treasury.

# DJÖRUP & McARDLE

Bank, Commercial, and Foreign  
Exchange Audits and Systems

42 BROADWAY

NEW YORK

## RAILROAD PRESIDENTS AS AUTHORITY

Secretary McAdoo has announced that the presidents of railroads are to be treated by the Railroad Administration as the principal executive authority of the roads instead of the chairmen of

the various boards. The following is the order:

Office of the Director-General.

Washington, March 28, 1918.

General Order No. 16.

In the organization of the various carriers some doubt appears at times to exist as to the extent to which, if at all, the executive authority in operating matters is divided between the President of the company and the Chairman of the board of directors or of some committee thereof.

For the purpose of simplification and definiteness it is ordered that the President of each company shall be treated by the United States Railroad Administration as the company's principal executive authority (subject to the Director-General) in all matters of operation under Federal control, and that Chairmen of boards of directors or of committees thereof shall not exercise functions connected with the operation of the railroads under Federal control.

W. G. McADOO,

Director-General of Railroads.

## INCOME TAXES IN AMERICA AND ENGLAND

The following comparison of American and English income taxes is made by the Treasury Department's Liberty Loan Bureau of Publicity:

In comparison with the tax levied in England on incomes our own income taxes are moderate, indeed.

In England the tax on incomes of \$1,000 is 4½ per cent., in America nothing.

In England the tax on incomes of \$1,500 is 6¾ per cent., in America nothing for married men or heads of fami-

## It will last

as long as the paper it is penned on—*everlastingly* permanent—makes writing easy reading—and “feels” good as soon as you put your pen to paper.

All leading dealers sell

**Signet Inks and  
LePage Products**

Write for a free liberal  
Office Testing Sample  
direct to

**THE RUSSIA  
CEMENT CO.**

101 Essex Ave.  
Gloucester, - Mass.





## A NEW CONCRETE FOR BANK VAULTS

PRACTICALLY

### FIRE, WATER AND BURGLAR PROOF

VAULTS INSTALLED AND UNDER CONTRACT

Federal Reserve Bank	- - - -	New York City
Guaranty Trust Company	- - - -	"
Metropolitan Life Insurance Company	- - - -	"
Sixty Liberty Street Corporation	- - - -	"
Rhode Island Hospital Trust Company	- - - -	Providence, R. I.

BY THE

**HYDROLITHIC WATERPROOFING CO., Inc.**

1328 Broadway

NEW YORK CITY

lies, and 2 per cent. on \$500 for an unmarried man.

In England the tax on an income of \$2,000 is  $7\frac{7}{8}$  per cent., in America nothing for a married man or head of a family, and two per cent. on \$1,000 for unmarried men.

The English income tax rate also in-

creases more rapidly with the growth of the income than ours, a \$3,000 income being taxed 14 per cent., \$5,000 16 per cent., \$10,000 20 per cent and \$15,000 25 per cent., while our corresponding taxes for married men are respectively two-thirds of 1 per cent,  $1\frac{1}{2}$  per cent.,  $3\frac{1}{2}$  per cent and 5 per cent.,

## ADRIAN H. MULLER & SON

55 WILLIAM STREET, Corner of Pine Street, NEW YORK

### AUCTIONEERS

The Business of Banks, Bankers, Investors and Dealers in Securities generally, receives prompt and careful attention.

### STOCKS AND BONDS AT AUCTION

REGULAR AUCTION SALES OF ALL CLASSES OF STOCKS AND BONDS EVERY WEDNESDAY

Real Estate at Public and Private Sale

Prompt Returns on all business entrusted to us



ESTABLISHED 1865

# PEIRCE SCHOOL

OF BUSINESS ADMINISTRATION

Pine Street, West of Broad

PHILADELPHIA

A Business Course, including banking, accounting, business management, commercial law and other practical subjects, which forms an admirable substitute for a college education and saves from two to three years of time.

Special Courses in banking and business administration for students who have had one or more years in college.

Secretarial Courses for those desiring to prepare themselves for secretarial work.

The school is known throughout the United States for the excellence and thoroughness of its business training. Its graduating classes have been addressed by ex-Presidents Taft, Roosevelt, Harrison and Cleveland.

One of the best school buildings in the country; large gymnasium.

Students may enter at any time during the school year.

Fifty-second Catalogue and Illustrated Booklet will be mailed upon application.

and only slightly more for the unmarried, due to the smaller amount exempted, the rate being the same.

## INTERESTING PUBLICATION ON BANK BUILDINGS

Bankers who are planning to erect new buildings would do well to procure

a copy of the handsomely engraved portfolio containing a large number of plates illustrating the work of Weary & Alford Co., the Chicago bank architects. It is so comprehensive in its scope that practically every phase of bank building and interior work is touched upon.

The banker who has an appropria-

Ask Your Stationer for

## Bankers Linen and Bankers Linen Bond

Made in Flat Papers, Typewriter Papers and Envelopes

They are fully appreciated by the discriminating banker desiring high-grade serviceable paper for correspondence and typewriter purposes

SOLE AGENTS

**F. W. ANDERSON & CO.**

INCORPORATED

34 Beekman Street, New York



SEALS STAMPS AND COUNTS  
250 ENVELOPES PER MINUTE

Endorse your checks as you list them on your adding machine or separately as preferred. Strictly automatic.

**No Levers to Pull or Push.**

Eliminate the noisy and time consuming operation of hand endorsing.

Write us for full information regarding our attractive proposition

Two Remarkable  
Conservers of  
**TIME-LABOR** and  
**MAN POWER.**

Used for years by many  
of the Prominent Banks  
and Trust Companies of  
the Country.



39 South La Salle Street

**MAIL-O-METER**  
SALES COMPANY

:: :: CHICAGO, ILL.

tion set aside for a new building is confronted with so many problems that he is usually worn to the proverbial frazzle before he is able to decide upon the type of building which seems best suited to local conditions and which will utilize the property to the best advantage and give the greatest return on the investment. All of these contingencies seem to have been anticipated in the portfolio mentioned, and the banker who

is especially interested in an office building or who feels that an individual bank building will serve him best will find photographs of both types of structures in which are employed a wide range of design and a diversity of materials.

With many of the buildings are shown the banking interiors, some displaying striking originality in design and impressing by their spaciousness and the monumental character of their

**MARSH HYGIENIC RUBBER FINGER PAD**



**"I MUST HAVE GIVEN SOME BODY TOO MUCH MONEY"**

You'll never say this if you wear Marsh Finger Pads because these pads only pick up *one* bill or piece of paper at a time. Abolish the filthy sponge cup. Don't be wetting your fingers constantly and thumb mark your office records, letters, bills, filing records, etc. Wear Marsh Finger Pads. Just the thing for cashiers, stenographers, bookkeepers, bill clerks, etc., 10c. each or 3 for 25c.

**Davol Rubber Company**  
PROVIDENCE, R. I.



**RUBBER GOODS**

If your stationer or druggist can't supply you with Marsh Finger Pads, order direct from us.

general treatment, while others are smaller and of a more simple design to impart the feeling of intimacy and quiet comfort which is so much to be desired in the smaller community.

Prospective builders or any banker who is especially interested in the latest developments along these lines will find this portfolio most instructive and valuable.



### Bank of Commerce Issues Pamphlet

**T**HE National Bank of Commerce in New York is distributing a new book entitled, "Export Trade Associations." This publication contains the complete text of the Webb Act approved April 11, 1918, and an official summary of the report of the Federal

Trade Commission on the development of foreign markets.

The Webb Act is of especial interest to exporters, merchants and manufacturers of this country, as it permits of combinations for foreign trade without violating the anti-trust law. The enactment is an after-the-war measure. The time is surely coming when the need for overseas markets for finished goods will be appreciated.

This pamphlet is amply provided with marginal notes, and is a ready desk reference for the busy merchant.



### Capital Stock Increased

**A**PPROVAL has been given by the Banking Department of the State of New York to an increase in the capital stock of the American Foreign Banking Corporation from \$2,500,000 to \$3,200,000.

## Copies of The Bankers Magazine WANTED

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# THE BANKERS MAGAZINE

ELMER H. YOUNGMAN, *Editor*

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## Look to the East

There is just one way to get peace, and that is to bring the Hohenzollerns to their knees. This war drive may very possibly be succeeded by a peace drive, and a peace drive adroitly designed to appeal to short sighted well meaning people, who properly and justly being stunned and horrified by the slaughter and devastation of war fail to see that we must suffer anything now rather than permit the conditions to remain such as to invite a repetition of this war.

The great danger in such a peace will come to England, to France, to the United States, not on the western front where our armies fight, but on the eastern front, where the Russian armies have ceased to fight, where the Rumanians, the Serbians, the Montenegrins were trampled into the dust beneath the soldiers of the two Emperors.

If Germany and her three vassal states are permitted at the end of this war to control the Balkans and control western Russia and all the provinces of western Russia, and through the Turkish Empire to dominate western Asia—if that is done we shall have seen as the result of the war the upbuilding of the mightiest military despotism against which the civilized world has had to contend in all time.—*Theodore Roosevelt.*

**A**S the world nears the end of the fourth year of the war it may prove profitable to attempt a forecast of the coming phases of the great conflict.

In order to do this it first becomes necessary to take note of some things that have happened since the war began.

It will be recalled that at first Italy was not a partner in the struggle, and the later entrance of that country into the war on the Allied side was a most significant event.

Of still greater moment was the decision of the United States, made on April 6, 1917, to draw the sword against Germany.

As a counterbalance against these events of such immense help to the Allied Powers has been the military and economic collapse of Russia and the making of a separate peace between that country and Germany.

A candid view of these great affairs must lead to the conclusion that this latter episode has been the colossal tragedy of the war. For Russia, with its practically inexhaustible man power, and the rich material resources needed in military operations, was the most powerful antagonist the Teutonic Powers had to face.

And yet, with this knowledge at the outset as now within the range of the understanding of Allied statesmanship, Russia was permitted to withdraw from the Entente compact and to make peace with the Central Powers.

Could this disastrous event have been avoided by the exercise of a wise foresight?

That is one of the most serious questions that can be raised in connection with the war, for possibly the collapse of Russia may have even more serious consequences in the future than those already developed.

It is, of course, too late now to do anything that would tend to prevent the ill effects of Russia's withdrawal so far as that fact has enabled Germany to reënforce her armies in Italy and in France and Belgium. The Allied forces have already paid a heavy toll in human life because Russia no longer opposes the progress of the German arms in the East. Furthermore, for some time the fate of the Allied cause has trembled in the balance owing to the weight of men and equipment that Germany has been able to employ on the Western front.

The gallant defense made by the Allied troops will probably stay the Teutonic offensive, and ultimately the course of battle will change to an effective drive against the invading forces.

But this result will be achieved only at tremendous cost in men and money—a cost immeasurably greater than would have been necessary had Russia kept in the field and required the presence of a large force on the Eastern front.

As already said, the past consequences of Russia's defection are now without remedy.

What of the possible consequences in another direction?

Competent observers of the present situation in Russia find no disposition among the people of that country to engage in further fighting. Economic exhaustion alone, it is said, will prevent the Russians for a long time to come to take part in the great struggle.

But while something closely approximating economic chaos does undoubtedly prevail in Russia at the present time, this is essentially different from economic exhaustion. Russia is a great country, vast in extent, with large population, and a wealth and variety of resources. These resources are by no means exhausted; for practical purposes, they are rather inexhaustible.

What might happen in Russia if economic disorder should be suddenly supplanted by economic order?

No signs of such reorganization are discernible, but it is inconceivable that this great country will indefinitely continue to flounder about in its present helpless state. From within or from without inevitably there must arise a compelling power that will cause Russia to set her economic house in order.

Once the process of reorganization begins it may proceed with much greater celerity than many persons consider possible. The law that reaction is equal to action in the contrary direction does not apply to the momentum of the movement, but rather to the extent

that it will finally proceed. It can not therefore be predicted with any degree of accuracy how soon Russia will again take her place in the ranks of nations whose industry, commerce and finance are wisely directed. That such restoration may be expected in time is hardly open to doubt.

If Russia's restoration to economic soundness comes from her own initiative, and is directed by her own statesmanship, the process will arouse the interest and the sympathy of the world. The country has suffered much. Its losses in men and in money have been enormous. Bad government has multiplied the sufferings of the people. All who understand conditions in Russia realize how almost hopelessly difficult is her present situation.

It may be thought that with this knowledge and sympathy the Allied Powers would be exerting themselves to the utmost in endeavoring to ameliorate conditions in Russia. While the movement would be considerably belated, it might even now prove efficacious.

But there appears to be an obstacle in the way, and that is the attitude of the present régime in Russia. Do those in authority there want Allied help? Would they accept it if offered?

Since the overthrow of Kerensky those in power in Russia have shown open distrust of the Allied Powers and have more than once manifested a spirit of hostility. On the other hand, there has been a disposition to regard Germany with more or less favor.

Have the Allied nations in any way caused this estrangement? If so, is it too late to pursue that policy which will again win and hold the respect and confidence of the Russian Government and people?

The alternative to a rapprochement between the Allied Powers and Russia may be that Russian industry, commerce and finance will come under German domination.

That the economic situation in Russia under wise and strong leadership would rapidly improve, is hardly open to doubt. Through proximity, and by reason of the recent peace treaty, Germany is in a position to assume such leadership. Russia may not wish it; but Germany, as we have seen, is in a position where Russia's wishes are easily brushed aside.

Should Germany, either by invitation or by force, come to exercise control of Russian economic affairs, the consequences to the Allied Powers might prove of infinite seriousness. For such control might be followed by a revival of the military spirit in Russia and a disposition to fight on the side of Germany and Austria.

Is such an outcome of the present situation probable? Perhaps not, although war, like politics, makes strange bedfellows.

If a future union between Russia and the Teutonic Powers lies within the range of the possible, how may such a development be prevented?

Obviously by such action on the part of the Allied Powers as will win the respect and friendship of the Russian Government and people. So long as Russia is capable of discriminating between square dealing and duplicity, and still retains the power to make choice between the two, her action may be expected to follow the line of self-interest. The present danger would seem to consist in an inability to see where the real interest of the country lies, and already Russia is approaching the condition of other Teutonic vassals.

Should it become manifest that Russia has decided, either through choice or compulsion, to follow a policy of alignment with Germany, and that the time has gone by when a conciliatory course on the part of the Entente Powers can avail to check this tendency, what course then lies open?

That Russia will ever be found fighting on the side of Germany is doubtless a distasteful suggestion to the Russian people. But Russia has been forced to make a separate peace. May she not also be compelled to take up arms in behalf of her captors?

This contingency, which now seems remote, may have to be faced sooner than we think. How shall we face it?

The two countries which contain the man power that alone could administer a check to combined German and Russian aggression in the East are Japan and China. Unfortunately, these two countries are not in present accord,\* although both are lined up with the Entente Powers against Germany. Japan alone, though having an efficient army, hardly has sufficient man power to be of much avail in opposing the great hosts which Russia might put into the field. China has the men, but probably needs such military leadership as Japan could readily afford. A lack of understanding between the two countries prevents their acting together in this matter, although as stated both countries have declared war against Germany.

Is it beyond the capacity of Allied statesmanship to reconcile the differences between China and Japan, so that these two nations may be in a position to afford that assistance which may prove indispensable before the great and final victory is won for the Allied cause?

Should Russia and Germany effect a military and political coalition, how else could it be effectually opposed except with the direct assistance of Japan and China on the Allied side?

Even in the absence of such coalition, may not the help of the two leading Oriental Powers be required?

While it would clearly be the part of wisdom to prepare in advance for the contingency above discussed, one strong consideration militates against such preparation. The first sign on the part of the Allied Powers that they are planning to make a union with

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\*Since the above was written they have reached some sort of an understanding.

China and Japan for the purpose of being ready to employ the troops of these two countries against a possible coalition between Russia and Germany would almost inevitably bring about such coalition. This belief is fairly deducible from the extreme irritation which Russia has shown against the landing of even a small defensive Japanese force at Vladivostok. Russia has for some time—or at least since the peace with Germany—employed an aggrrieved or hostile tone toward the Allied Powers, and toward Japan in particular.

This phase of the war may lie wholly without the domain of actual things. The Allied Powers may never be called on to fight against Russia and Germany combined. Should they be compelled to meet such a coalition, they can successfully face it only by a long and wise preparation. And yet this preparation may itself hasten to bring about the very event which all desire to avoid. No situation ever required more far-seeing statesmanship.

Look to the East!



## The Melting of the Silver Dollars

CONGRESS has passed an act authorizing the sale of \$350,000,000 silver dollars held in the Treasury against outstanding silver certificates. The silver is not to be sold at less than one dollar per ounce. Its sale is for the purpose of conserving the existing gold stock, facilitating the settlement of adverse trade balances in silver, providing silver for subsidiary coinage or commercial use, and of assisting foreign governments at war with the enemies of the United States.

As the present stock of silver is broken up, remelted and sold, an equivalent amount of silver is to be purchased, and may be resold for the purposes above indicated, any excess remaining to be re-coined into standard silver dollars against which certificates may be issued.

Contraction of the currency through retirement of the present outstanding issue of silver certificates is guarded against by providing for the issue of Federal Reserve Bank notes, secured by United States certificates of indebtedness, in an amount equal to the silver certificates retired. As silver dollars are again coined and certificates issued against them, the Federal Reserve Bank notes are to be retired and cancelled in an equivalent amount.

Analyzing the underlying purpose of the law, it is found to constitute an attempt to redress unfavorable exchanges by parting with silver rather than with gold. Apparently the process will not work

much permanent change in the complexion of our currency, provided new silver certificates are again issued from the subsequent coinage of standard silver dollars which the law authorizes. As the present silver certificates disappear their place in the circulation will be taken by Federal Reserve Bank notes, secured by United States certificates of indebtedness.

Assuming that all the \$350,000,000 of silver would be sold at a dollar an ounce the Treasury would substantially gain in gold the price received for the silver. If a like amount of silver were then bought at the same price, it could be paid for in paper, which seems to measure the substantial advantage received.

Long ago the standard silver dollar ceased to have any real excuse for its existence. It was but little employed in actual circulation and constituted more or less of a burden on the Treasury's gold stock, since there is a requirement that its parity with gold must be maintained. The increase in the gold stock has tended in recent years to diminish that burden. Probably the most logical use of the dollars would have been to employ them as needed to meet the demands for additional subsidiary coin. This use is indeed provided for in the new law, but as further coinage of silver dollars is authorized to replace the dollars sold or recoined into subsidiary coin, this will not result in a permanent retirement of the dollars themselves.



## Short-Term Rural Credits

**W**HILE the Federal Farm Loan system has provided the means whereby the owner of farm lands may secure credit on long time at a low rate, it is claimed that the country's credit system is still defective in furnishing short-time farm loans. To remedy this defect a bill has been introduced in the House of Representatives by Hon. Dick T. Morgan of Oklahoma.

The plan is thus outlined by the author:

1. To authorize farmers to incorporate local credit organizations, under the name of "Federal farm credit societies."
2. To establish twelve regional banks, to be known as national farm-credit banks.
3. To require the Federal Reserve Banks to rediscount, under proper restrictions, the notes of farmers, when indorsed by a local credit society and a regional bank, and to authorize all other banks to discount or rediscount such paper.
4. To make the regional banks Government depositaries and to

authorize special deposits therein by the Secretary of the Treasury, and to permit the regional banks, through the local credit societies, to utilize these deposits in extending credit to the farmers of the United States upon the same terms that commercial banks use such deposits in extending credit to trade, commerce and manufacturing.

5. To authorize regional banks to issue and sell farm-credit debentures, based upon the notes of farmers, when indorsed by a local Federal farm-credit society and a regional bank.

Under the provisions of Mr. Morgan's bill, the twelve regional banks are designated as "national farm-credit banks." The following summary describes their chief characteristics:

1. One of these banks will be located in each of the twelve Federal land-bank districts, and the national farm-credit bank and the Federal land bank, in each of said districts, will be twin institutions, located in the same city, doing business in the same building, having the same men for directors and officers, assistants and employees, and yet to be entirely separate and independent corporations, promoting a different line of agricultural credit, and in no way responsible for each other's contracts or debts.

2. Exclusive of the capital subscribed by Federal farm-credit societies, which must be equal to one-tenth of the amount of credit extended to such societies, every national farm-credit bank, before beginning business, must have a minimum capital of \$1,000,000, which, if not otherwise subscribed, will be taken by the Federal Government.

3. They may receive deposits, pay interest thereon, borrow money, use their funds in making loans to Federal farm-credit societies, and by discounting notes with the Federal Reserve Banks and other financial institutions they are to become the avenues through which credit will flow from its source to the farms.

4. National farm-credit banks, in furnishing credit for the local society, will rely (1) upon their capital, (2) upon deposits from individuals or the Federal Government, (3) upon the sale of debentures and (4) upon rediscounting the notes of the farmers, when indorsed by local societies, with the Federal Reserve Banks and other banking and financial institutions.

5. Each national farm-credit bank will be primarily liable for its own debts and debentures, but in case of a failure of any one of such banks, all other such banks will be required to contribute to prevent loss to its creditors.

In his speech accompanying the bill Mr. Morgan states that it is not the intention to create a new set of institutions to receive de-

posits, conduct a general banking business and to compete with the present established banking institutions.

The whole object of the bill is to give to farmers some additional and better credit facilities than they are now believed to possess.

If there is at present any substantial denial of credit to the farmers of the country, or if they are charged excessive rates for such credits as they do obtain, and these conditions can be remedied by the creation of this new credit mechanism, Mr. Morgan's bill ought to become a law, for the importance of the agricultural interests of the country and the right of the farmers to the most equitable treatment with respect to the credit facilities to be accorded them are matters which no fair-minded person will dispute.

It would be a false system of finance that would give to other lines of industry and trade credit facilities superior to those enjoyed by the farmers of the country. In the service which the farmer performs to the community as a producer of food and fiber he is second in importance to no one.

For him to perform this invaluable service to the community, the farmer should have at his command a credit mechanism that will adequately meet his requirements. As the nature of his business differs from that of the manufacturer and merchant, it does not follow that the same credit mechanism which meets their demands may meet his. He may need, and doubtless does need, credit machinery especially adapted to the peculiar conditions of his calling.

It is a familiar charge that the lax business methods of the farmer are responsible for existing limitations upon his credit. Even if this contention be valid, the association of the farmers for credit purposes as provided for in Mr. Morgan's bill would tend to correct whatever laxity exists, for the thriftier and more systematic members of the various local societies would impose their standards upon the organization.

The requirements as to indorsements and other security, and the provisions for joint liability, would seem to assure safety. As tending to confirm this view, Mr. Morgan cites the experience of similar organizations which have long successfully operated in France.

Objection will be made by some to the proposal that the Government should be called on to contribute part of the capital of local societies—an objection which can not count for much since Government support for long-term farm loan credits through the Federal Land Banks has been adopted as a part of the country's financial policy.

Mr. Morgan resides in a farming community and is familiar with agricultural conditions and needs. He is the author of an able work on "Rural Credits," and has given much faithful study to this important subject. The provisions of his bill for short-term farm credits indicate that he has reached wise and sound conclusions.

## Another Successful Liberty Loan

THE country has "come over the top" with another Liberty Loan, giving the Secretary of the Treasury over a billion more than he asked for. This loan did not come at a particularly opportune time, for it found business men pretty busily occupied in figuring out how they were going to pay income taxes shortly due. Still, the people managed to "dig up" the required amount and a billion more for good measure. Of their disposition and ability to furnish such amounts as may be needed in the future, no doubt exists.

With each successive loan the interest and enthusiasm of the people seem to grow and the number of subscribers to multiply. This indicates both a better understanding of the desirability of investing in a prime security and a determination to help in ridding the world of German militarism.

Whether conditions will make it possible to market another loan of large proportions in the near future at a rate as low as  $4\frac{1}{4}$  per cent., is uncertain. Probably no fresh loan will be required for some months, and it may be that when the time for it arrives, money market conditions will justify a rate no higher than that of the most recent loan.

Quite plausibly it is argued that people ought to subscribe to Government loans on patriotic grounds, irrespective of the interest rate. Patriotism should be the dominant impulse which leads people to invest in Government bonds at this time, rather than the thought of the profit to be made out of the transaction.

But there is a principle in regard to money which operates somewhat like the law of gravitation. It tends to attract funds into those channels where they may be employed with the greatest degree of profit consistent with safety. Of course, very many people—perhaps the majority—in a time like this would bring their money to the Government even though they knew it could be just as safely and profitably invested elsewhere, and many would lend to the Government without any return whatever in the shape of interest. Still, the capital fund of the country seeks continually that employment which is the most profitable compatible with safety. It is a natural law and should be taken into consideration in fixing the rate on subsequent loans. Possibly, as intimated,  $4\frac{1}{4}$  per cent. may be quite high enough when the next loan is offered, although a higher rate may prove necessary. Care must be taken to see that none of the loans fail or even lag. In the loans thus far placed great skill and judgment have been displayed, with the successful results which we all know and in which we all take pride.

There has been a fine degree of coöperation all along the line, and the spirit and enthusiasm displayed in the campaigns now past

may be counted on again when the Treasury shall find it necessary to ask the people's help.



## Qualified Legalization of Overdrafts

**F**ROM a statute which becomes operative in the State of New York on September 1, qualified recognition is given to overdrafts.

The act amends the penal law in relation to obtaining money by fraudulent check, draft or order by adding a new section providing that any person who, with intent to defraud, shall make or draw or utter or deliver any check, draft or order for the payment of money upon any bank or other depository, knowing at the time of such making, drawing, uttering or delivering that the maker or drawer has not sufficient funds in or credit with such bank or other depository for the payment of such check, although no express representation is made in reference thereto, shall be guilty of attempted larceny, and if money or property is obtained from another thereby is guilty of larceny and punishable accordingly.

As against the maker or drawer thereof, the making, drawing, uttering or delivering of a check, draft or order, payment of which is refused by the drawee because of lack of funds or credit, shall be prima facie evidence of intent to defraud and of knowledge of insufficient funds in or credit with such bank or other depository, unless such maker or drawer shall have paid the drawee thereof the amount due thereon, together with interest and protest fees, within ten days after receiving notice that such check, draft or order has not been paid by the drawee.

The word "credit" is construed to mean an arrangement or understanding with the bank or depository for the payment of such check, draft or order.

That the overdrawing of one's bank account constitutes of itself an intent to defraud is rather a severe doctrine, however desirable it may appear from the banker's standpoint. People sometimes overdraw through sheer carelessness, with no intent whatever of defrauding. It may be said that such persons should pay the penalty of their inadvertence, though the penalty seems rather harsh. Doubtless it was this consideration which moved the New York Legislature to allow ten days of grace before the law automatically puts this penalty in effect.

In England, and in some other countries, the overdraft is looked on with greater tolerance than with our bankers. There the belief

seems to obtain that a man who has convinced the bank of his responsibility and of his desirability as a customer may be relied on to meet any temporary small overdrafts without legal threat of putting him in the criminal class if he does not.

Very likely well-disposed persons in this country find no real difficulty with their banks on this account. But the banker is quite justified in wishing to avoid overdrafts, because that is not the business-like way of doing things, and besides the item of "overdrafts" is looked on with great disfavor by bank examiners.

The right proceeding for a man who may occasionally have greater use for credit than afforded by his usual line is for him to make special arrangements for it. This can be done by lodging additional collateral with the banker, or in some other way.

When one draws a check on a bank, by that act he conveys title to credit at his bank from himself to another. How can he convey a title which he does not possess, and what right has he to expect his banker to grant him an additional credit for which he has made no provision whatever?



### A Toast

Here's to the Blue of the wind-swept North,  
When we meet on the fields of France;  
May the spirit of Grant be with you all  
As the sons of the North advance.

And here's to the Gray of the sun-kissed South,  
When we meet on the fields of France;  
May the spirit of Lee be with you all  
As the sons of the South advance.

And here's to the Blue and Gray as one,  
When we meet on the fields of France;  
May the spirit of God be with us all  
As the sons of the Flag advance.

—GEORGE MORROW MAYO



HON. JOHN WINGATE WEEKS  
Junior Senator from the Commonwealth of Massachusetts

"I see him every day and close at hand. I watch the work he does and I know, as no one else can know so well, the position he holds. He brings extraordinary knowledge to the settlement of the greatest questions which Congress has to deal with—our army, our navy, and our finances. To all questions relating to the navy, he brings a training and an expert knowledge which no other man in the Senate possesses because he is a graduate of Annapolis. He is a member of the great committee on military affairs. On that committee he has done remarkable work, for he brings to it all the aptitude which comes from a military training, although in another branch of the service. His position upon all questions of finance is well known. He is regarded in the Senate as an authority upon banking, loans and taxation, all subjects most momentous at the present time. More than this, he has the confidence of every man in the Senate on both sides, Republican and Democratic; confidence which is born of a recognition of his courage, his character and his patriotism."—From a speech by Senator Henry Cabot Lodge, at Springfield, Mass., October, 1917.

# Co-operation of Capital and Labor

By HON. JOHN WINGATE WEEKS, United States Senator  
From Massachusetts

Believing that certain radical tendencies, plainly manifest in some other countries and clearly discernible in the United States, contain elements of danger to the preservation of the fruits of capital and industry, and possibly menace the very stability of our institutions, THE BANKERS MAGAZINE has sought expressions of opinion from representative men whose well-matured views should afford a safe guide for the future. Below will be found a concise statement from Senator Weeks of Massachusetts.

The business and political career of Mr. Weeks has been such as to give weight to his views. He comes of New England ancestry, having been born on a farm in the White Mountains of New Hampshire—a place which he still retains as a summer residence. From a student in the country schools he became a teacher, then a student at the Annapolis Naval Academy, followed by three years' service in the United States Navy. In rapid succession he was a surveyor, alderman and mayor of his home city; for ten years captain and commander of the Massachusetts Naval Brigade; a successful banker; election to the United States House of Representatives, where he served eight years, with membership on important committees and also of the National Monetary Commission, and then election to his present position as member of the United States Senate. In the Senate, as stated by his distinguished colleague, Mr. Lodge, he has the confidence of both sides, "born of recognition of his courage, his character and his patriotism." Because of his record in the House, he was made a member of the Senate Committees on Banking and Currency, Coast Defenses, Forest Reservations and Protection of Game, Irrigation and Reclamation of Arid Lands, Library, Public Health and National Quarantine, Post Offices and Post Roads, and the Committee on Military Affairs—now one of the most important committees of Congress.

Mr. Weeks clearly recognizes the vast industrial changes wrought by the war and is a firm believer in a continual movement toward bettering the relations of all who toil even in the humblest capacity. He believes, however, that this movement requires wise guidance so that a desire to make progress too rapidly may not lead to the overthrow of much of the solid achievements of the past. In other words, that true advancement lies in intelligent coöperation between capital and industry.—Editor BANKERS MAGAZINE.

**H**E would be a rash person who at this time attempted to prophesy what conditions will prevail after the war. Many people fail to appreciate, however, that the world is passing through an industrial and social revolution almost as important as the military operations which are engrossing our attention. It does not take a prophet to predict that social and industrial conditions after the war are sure to be quite different from those with which we have been familiar or that there is an absolute certainty that it will not be possible to return to all pre-war conditions. Therefore, one of our duties is to be considering the questions which will develop so that we may be prepared to retain all that was good in our system before the war and to quickly and accurately adjust ourselves to the changes which will result from the experience obtained during our war preparation and operations.

It is not of any particular moment to criticise actions which have been taken since our declaration of war or since the beginning of the European war unless we can at the same time obtain from those actions the valuable lessons which should be learned and from them

demonstrate their practicability or the desirability of adopting some better method. In other words, in criticisms of the conduct of the war and the relation of the Government to the people, we must be prepared to fairly accept those things which have been demonstrated as good, while on the other hand we cannot do a greater public service than be prepared to condemn the things which are likely to be harmful.

#### PERSONAL AND PROPERTY RIGHTS OF THE INDIVIDUAL

One of the first considerations relating to this general subject, it seems to me, is the question of personal and property rights of the individual. Every impartial historian, looking back over the past hundred years, must agree that while we have taken advantage to a remarkable degree of the natural resources of our country but have frequently been wasteful of them, we have as individuals accomplished very many marvelous things. An enumeration of the progressive acts originating and developed in the United States during that period would fill volumes, and in my opinion our achievements have been made possible as a result of the ability of every man in this country to develop his own career. The door has been wide open to him and while he may have been embarrassed and restricted by his immediate environments, the opportunity for personal advancement nevertheless has always been available. Examples of the correctness of this statement are multitudinous and it needs no demonstration. It applies to not only personal accomplishments, but equally to property acquirements and protection.

How different is the situation which we see in Russia where there seems to be an absolute collapse of organized effort amounting very nearly to a complete collapse of a civilization which has been developed during the last few centuries. Notwithstanding the claim that there is a democratic government in Russia, it is true that the personal and property rights of the individual are restricted and in many cases absolutely disregarded. It does not take a man of great prescience to see that there is a similar drift in every other country and that we in the United States are not entirely removed from its possibility, and as there is nothing good in it but every possibility of harm we should set our faces against the possibility of any such condition developing in our country. For when we destroy the possibility of favorable results from individual effort, either in the acquirement or protection of property or from any other individual right which we have guaranteed to our citizens, we are taking from them the initiative which has been the stimulus in the accomplishments for which we, as a people, are responsible.

It has been sometimes charged that there is not an opportunity to every individual even in the United States and in very restricted

ways this may be true, but even if it is true in isolated instances, I would so broaden the opportunity that it would exist everywhere and under all conditions; in this connection we must take into account the tendency of the autocracy created in this country since the declaration of war, a necessary step in the war's conduct in order to obtain efficiency, but which produces a condition likely to be taken advantage of by ambitious men to perpetuate themselves in power through such policies so that if we are going to surely prevent such possibilities we should limit all autocratic legislation and activities to war time. Moreover I do not believe it is well for us as a country to enlarge the scope of our governmental operations. Even in military countries it does not always spell efficiency and in a democracy it will almost surely mean exactly the reverse. Every local prejudice and political condition enters in to influence the operations of the Government and such operations will surely tend to lessen the individuality of the citizen and will destroy that condition to which I have referred. What we should do as a Government is to try to help people to help themselves, instead of developing a Government the first purpose of which will be to assume a paternalism which will destroy the individualism of the citizen. Therefore as a practical proposition we should at the end of the war make a careful inventory of what has been done in connection with its prosecution, the unusual steps we have taken, the effect they have had on the social and industrial welfare of the country, and retain only those things which it is clearly demonstrated have proven themselves to be sound and wise and as far as practicable to return to the other conditions which existed before the war.

#### FINANCIAL POLICIES OF THE GOVERNMENT

I am not wise enough to feel sure that any views I express relating to the conduct of the finances of the Government during the war would not need, as it goes on, careful revision and overhauling. In such matters we should make use of what is at our disposal, that is, the great amount of experience and testimony of experienced men which may easily be obtained. Therefore, those in authority should commandeer the advice of men of knowledge, training and experience in financial affairs and adopt the consensus of their opinions. In my judgment, however, Congress at the last session made about a correct division of the amount of money which should be raised from taxation and from borrowing. Naturally this question is hedged about with all kinds of contingencies and especially by the effect any particular action may have on a multitude of other policies which we had established in the past and which are in operation. It is quite likely we can increase taxation in some directions without doing great harm, but in the final analysis the money which should be used in prosecuting the

war is surplus. After we have absorbed this, any additional money coming from the people should be borrowed and it is desirable that we do not adopt any action which will so affect business that it will be impossible to make profits, for by so doing we will destroy the ability of those who otherwise would readily come to the assistance of the Government. There is some difference of opinion on this subject, but I am confident that we should in every way encourage business enterprises provided they do not interfere with Governmental requirements which should come first, and there should be no hesitation in commandeering facilities needed by the Government in its prosecution of the war. Many of the unusual methods adopted since the beginning of the war seem to have merit when examined individually, but they often produce results which are only at best partially satisfactory. No better illustration of this could be given than the price-fixing policy. Undoubtedly this policy has merit, especially in cases where we do not produce enough of any particular article for our own needs, but in fixing the price of one article we must frequently, if we are to follow a logical course, fix the price of others which come into competition with it. For example, we have had a government price for wheat during the past season and a somewhat higher price has been provided by a recent Act of Congress, but fixing the price for wheat and not applying a similar process to other cereals entering into competition with it, such as oats, corn, barley and rye, produces this result—that the competing cereals advance in price so that they become more valuable for practical purposes than the wheat which we wish to protect and the natural result is that wheat is used by the stockman, while other cereals go to human beings for food purposes.

I think this subject is much too comprehensive for me to go into any detail, but the above statement illustrates the difficulty of price fixing without doing as much or more harm than good.

#### INVESTIGATION BEFORE CHANGING OUR INSTITUTIONS

This is essentially a time when people should keep their heads, should not try to advance personal theories and should follow as far as possible established methods and precedents. Those having any regard for our institutions of the past should combine in insisting upon a complete investigation before any of those institutions are permanently changed. It will only be by following this course that we will be able to avoid many pitfalls. On the other hand, if we give ourselves up to adopting the antidotes which are on every hand for every imaginary ill, we shall find ourselves drifting on an unmarked sea and in a rudderless boat. In fact, the future of this country and of the world is in danger if level-headed, sound thinking people do not give themselves to a solution of the problems of the future.

# Interest Accrued Receivable and Unearned Discount

By HOWARD M. JEFFERSON, Auditor Federal Reserve Bank,  
New York

(Continued from May Number)

**I**N order to start a record of interest earned it will be necessary to figure the interest accrued receivable after the close of business on a given day on all bonds owned, on all bonds and mortgages, and on all demand and time loans. Then head an ordinary piece of analysis paper or a page in a suitable columnar book as shown in Fig. 2. These sheets will be referred

value under the nominal rate of interest or at book value under the actual rate of yield. The latter is manifestly the true basis on which to calculate the earning power. If bonds are carried at amortized value, the book value should be listed under the rate actually allowed as the proper earning basis. The actual interest received must, of course, be divided between interest re-

ACCRUED INTEREST RECEIVABLE ON DEMAND LOANS.

DAY OF WEEK	MONTH AND DAY	4%			5%			6%			TOTAL		

Figure 2

to hereafter as "Accrual Sheets." Use one sheet or one page for demand loans, another for time loans, another for bonds, and still another for bonds and mortgages. Then analyze the loans according to rates and prove the totals with the general ledger. This classification may be made upon the sheets above referred to, though it will make a cleaner record if the analysis is made on separate sheets and the totals transferred to the accrual sheets.

Bonds should be entered at the par

ceived and reduction of bond account.

If bonds are bought on a basis valuation and carried at cost, the columns must be headed with these odd rates and the actual book value entered.

Having prepared these schedules, proved the totals with the general ledger, and having figured the accrued interest receivable, the following entries should be prepared and passed through the books in order to establish the earning accounts on the proper basis:

## Interest Accrued Receivable

Demand Loans  
Time Loans  
Bonds  
Bonds and Mortgages  
to

## Interest Earned

Demand Loans  
Time Loans  
Bonds  
Bonds and Mortgages

If desired, the general ledger debit and credit accounts may be combined into one for the debits and one for the credits. This will reduce the number

terest Earned on Demand Loans has been credited with \$1,532.77 and that a contra account, Interest Accrued Receivable on Demand Loans, has been charged with a like amount. The following entries will carry the accruals through the books for a period of one week.

On Wednesday, March 5, three new loans are made, \$1,000 at four per cent., \$5,000 at five per cent., and \$10,000 at six per cent. These are entered on the accrual sheet in black ink as shown in Fig. 3. No other changes are made in the demand loans on Wednesday, so new totals are brought down.

*Accrued Interest Receivable on Demand Loans*

Day of Week	Month + Day	4%	5%	6%	Total	Accd. Int. Rec. Acc.
Tuesday	March 4	100000	150000	350000	600000	1532.77
Wednesday	" 5	10000	5000	10000	16000	92.74
* Thursday	" 6	6000	15000	36000	21000	72.33
* Friday	" 7	10000	5000	10000	16000	90.15
		10000	5000	10000	16000	90.15
Saturday	" 8	95000	135000	365000	595000	1628.04
Sunday	" 9					90.15
Monday	" 10	5000	5000	15000	25000	93.70
		100000	140000	380000	620000	1902.54

\* Figures on these lines entered in red.

Figure 3

of entries passing through the general ledger each day. The accrual figures should, however, be kept on separate sheets so that proofs may be made from time to time.

Having passed entries transferring interest accrued into earnings, nothing more needs to be done until the day following. Let us assume that the accruals have been figured to the close of business Tuesday, March 4, that the figures have been entered on the accrual sheet as shown in Fig. 3, that In-

One day's interest is then figured on these new totals as follows:

One day's interest on:—

\$101,000 at 4 per cent. ....	\$11.21
155,000 at 5 per cent. ....	21.53
360,000 at 6 per cent. ....	60.00

Total ..... \$92.74

Entries are then passed as follows:

Interest Accrued Receivable De-  
mand Loans ..... \$92.74

to

Interest Earned Demand Loans.. \$92.74

The total interest for the one day is then entered in the last column on the accrual sheet in black ink, and a new total brought down. This represents the accrued interest receivable but not paid at the close of business Wednesday, or more properly speaking at the opening of business Thursday morning.

No loans were made on Thursday, but two loans were paid with interest. One of these was \$6,000 and with it was received interest for thirty-one days at four per cent., amounting to \$20.67; the other was \$15,000 on which the interest amounted to \$51.66. These loans are entered in red ink in their respective columns and the total interest received, \$72.33, is entered in red in the accrued receivable, net, column at the right. New totals are struck. Entries are passed covering the payments as follows:

Cash .....	\$21,072.33
to	
Demand loans .....	\$21,000.00
Interest accrued receivable...	\$72.33

One day's interest is then figured on the new balances at the proper rates as follows:

One day's interest on:—	
\$95,000 at 4 per cent. ....	\$10.55
140,000 at 5 per cent. ....	19.46
360,000 at 6 per cent. ....	60.00
Total .....	\$90.01

Entries are passed as follows:

Interest accrued receivable de-	
mand loans .....	\$90.01
to	
Interest earned demand loans...	\$90.01

Friday's business shows loans made and loans paid at varying rates, but it makes no difference how many or how few transactions are passed through the books, or whether they are entered on the accrual sheets in detail or en bloc. The only requisite is that they be entered correctly or there will be trouble when proving the interest accrued receivable account.

After the close of business Friday,

the interest is figured as before on the new balances:

One day's interest on:—	
\$95,000 at 4 per cent. ....	\$10.55
135,000 at 5 per cent. ....	18.77
365,000 at 6 per cent. ....	60.83
Total .....	\$90.15

The usual entries are passed:

Interest accrued receivable de-	
mand loans .....	\$90.15
to	
Interest earned demand loans....	\$90.15

The sheet shows that no loans were made or paid on Saturday, so all that needs to be done is to repeat the accrual figure used on Friday, \$90.15, enter the amount in black in the last column and strike a new balance and pass the usual entries.

On Monday, two sets of figures must be prepared in case there is action of any kind. One of these is to repeat the accrual for Sunday and the other to take care of Monday's earnings. The sheet shows changes in the loans on Monday and the following calculations are necessary:

One day's interest on:—	
\$100,000 at 4 per cent. ....	\$11.11
140,000 at 5 per cent. ....	19.46
380,000 at 6 per cent. ....	63.33
Total .....	\$93.90

The interest for the day is added to the last column, a new total struck and entries prepared in the usual manner. This completes the cycle and illustrates every kind of transaction that will need to pass through an interest accrued receivable sheet.

Similar sheets should be prepared for time loans, bonds, bonds and mortgages, and for bank balances on which interest is received. In estimating the interest earned on bank balances it will not be necessary to post the debits and credits as in the case of loans, but to accrue for one day on the interest-bearing balance as nearly as that can be determined.

It should be carefully noted that interest on bonds and on bonds and

mortgages is figured on a basis of twelve months of thirty days, to the year. It will be necessary, therefore, to omit the thirty-first day when accruing for the thirty-one-day months and by adding the proper number of days to bring February's accrual up to thirty days.

Two very interesting and helpful figures may be obtained from these sheets and adjusted daily. First, by estimating the annual return from investments based upon the actual amount invested, there will be presented the average earning power of the money actually invested. This figure should be carried out from four to five decimal places because it will show rather small fluctuations. It will indicate any tendency to overloaning at low rates.

Second, if it seems desirable, the per cent. of return on all resources may be determined by carrying in at 0 per cent. the difference between the total of loans and investments shown on the accrual sheets and the total resources. (Resources should not be confused with debit accounts. All expense and other accounts which would be chargeable to profit and loss at the closing of the books should be eliminated. All others should be included.) The effective rate of return may or may not be considered of value. It is inserted merely as a suggestion of the possibilities of the system.

#### UNEARNED DISCOUNT

In order to establish the accounts necessary to show unearned discount it will be necessary to follow the procedure described for accruing interest earned but not received. The accounts to be established and maintained are slightly different but the process is the same.

It will be necessary to find the amount of discount received but not earned on a given date. Every bank man is familiar with the process. When this has been determined entries should be passed as follows:

Discount Received  
to  
Unearned Discount

The balance left in the Discount Received account is all earned and the title of the account should be changed to Discount Earned. All subsequent entries will be posted to this account. The discount received on all notes after the accrual sheets have been established will be credited to Unearned Discount.

The totals of the bills discounted at the various rates must then be entered on accrual sheets and the amount of unearned discount extended into a suitable column. For purposes of illustration let us assume that the inventory of discounts and the amount unearned at the close of business Tuesday, March 5, are as follows:

\$1,000 2 days to run at 6 per cent. . . .	\$ .33
5,000 3 days to run at 6 per cent. . . .	2.50
15,000 6 days to run at 5 per cent. . . .	12.50
10,000 6 days to run at 6 per cent. . . .	10.00
6,000 6 days to run at 4 per cent. . . .	4.00

Total unearned discount . . . . . \$29.33

(See Fig. 4.)

After the close of business on Wednesday, March 5, the bank will have earned one day's interest on all its bills and the unearned account must be reduced by that amount. This is calculated as follows:

One day's interest on:—

\$6,000 at 4 per cent. . . . .	\$ .67
15,000 at 5 per cent. . . . .	2.08
16,000 at 6 per cent. . . . .	2.67

Total . . . . . \$5.42

The following entries are then passed through the books:

Unearned Discount . . . . . \$5.42  
to  
Discount Earned . . . . . \$5.42

This amount is then entered in red ink in the last column on the accrual sheet as shown in the figure and deducted from the balance.

The figure shows that a note for \$1,000 discounted at six per cent. matured on Thursday. The discount earned that day must be accounted for so the deduction for the payment is not made till after the discount earned has been deducted. There is, therefore, no change

*Unearned Discount*

Day of Week	Month and Day	4%	5%	6%	Total	Unearned Discount Net	Memoranda
Tuesday	Mar. 2	6000	15000	16000	37000	2933	Inventory
* Wednesday	" 5					542	Earned (one day)
						2391	Balance
* Thursday	" 6					542	Earned
						1849	Balance
*				1000	1000		Note paid
*		6000	15000	16000	37000	525	Earned
Friday	" 7			100000	100000	1000	60 day disc. made
						101324	Balance
*				5000	5000		Note paid
* Saturday	" 8	6000	15000	110000	131000	2108	Earned
*						99216	Balance
*						4216	Earned
* Monday	" 10	6000	15000	100000	310000		Note paid
		6000	15000	100000	100000	95000	Balance un-
							earned

\* Figures on these lines entered in red.

Figure 4

to be made in the totals of discounts at the various rates and the amount of discount used on the day previous must be deducted again, leaving a balance of \$18.49 unearned. The usual entries must also be passed. The paid note is then entered in red in the proper columns and new totals brought down. These totals are the basis for the calculation of the discount earned on Friday, which amounts to \$5.25.

The figure shows a new discount made on Friday at \$100,000 at six per cent. running for sixty days. The discount received is credited to Unearned Discount and is entered on the accrual sheet together with the amount of the note. The latter is entered in the proper column under the six per cent. rate and also in the total column. When these entries have been made the balance in the unearned column after the close of business on Friday is \$1,013.24.

On Friday, also, a note of \$5,000 at six per cent. is paid and is entered in the proper columns in red and new

totals struck. These are used in figuring Saturday's earnings.

On Saturday the eighth, one day's earnings on the new totals are figured and entered in red in the proper column and the new balance carried down. The daily earnings show a decided increase because of the \$100,000 discount and now amount to \$21.08. After deducting this amount there remains \$992.16 unearned.

Before entering three notes paid on Monday, the unearned discount column must be reduced by two days' interest on the total covering Sunday and Monday's earnings. The total for the two days is \$42.16. After deducting this in the usual manner, there remains \$950 unearned.

The notes maturing on Monday are deducted and there remains but one note, \$100,000 at six per cent., with fifty-seven days yet to run. The unearned discount on this note is equal to the balance in the account, proving the work of the accrual sheet.

If notes are rebated before maturity, simply enter the face of the note in red in the proper column and deduct the amount of the discount to maturity from the Unearned Discount column. Then pass entries as follows:

Unearned Discount

to

Individual Deposits.

Miscellaneous earnings may be accrued daily in much the same way. Take rents, for example. These may be easily calculated and reduced to a per diem

basis. They may be combined, perhaps, with others, such as safe deposit rentals and commissions, and carried in one account. Each day entries should be passed substantially as follows:

Rents, etc., Receivable

to

Rents, etc., Earned.

The cash receipts will be credited to Rents, etc., Receivable. This will reduce to a daily basis every earning account and effectively dispose of any and all violent fluctuations in earnings.

*(To be concluded)*

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## Kelly Wakes Up

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By HARRY I. JONES, Chief Clerk Market and Fulton Office  
Irving Trust Company, New York

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In the May number of the *MAGAZINE*, under the title of "Wake Up, Kelly," Mr. Jones described the case of a bank clerk who had fallen into a lethargic condition. Under the prodding of an officer in the bank, he wakes up, with the result told below.—Editor *BANKERS MAGAZINE*.

**T**HE first thing Kelly did, on the following Monday morning, was to stroll into the bank, just about one hour earlier than was his usual custom. He found out to his entire satisfaction that this operation caused him no more trouble than if he had arrived at a later hour. If anything, he felt even better for having taken the first step in the attempt to master himself.

Upon assuming his duties this easy-going bookkeeper found that all ledgermen had been "switched" or transferred from one book to another for a given period of time. Kelly ascertained that he had been assigned to the "cinch" or "lay-down," as the fellows termed it, which in reality was the task of attend-

ing to the "baby-ledger" of the bank, a position requiring not much mental activity, and still less physical endeavor. The job was allotted to each bookkeeper in turn and gave the incumbent plenty of spare time in which he might do as he saw fit. As he saw his name upon the notice posted for the bookkeeper's perusal Kelly arched his eyebrows a trifle, said nothing, and went to work.

### THE AWAKENING BEGINS

The little seed of wise advice planted in the bookkeeper's mind by Mr. Parsons was beginning to take root. Kelly was awakening. Parsons handed him some magazines containing articles describing \$5,000 a year men who had

gotten ahead by sheer hard work. Kelly commenced to think. "Perhaps there is something in that stuff, after all; I'll give it a tryout. Watch me hit it a mile!"

Every day for a month this ex-satisfied bookkeeper worked, as he expressed it, "like Johnny Evers playing second base." He was busier than the proverbial bee, doing many a stunt in several other departments of the bank, long after the time he could have chosen to go home. Some of Kelly's fellow clerks called him a grand-stand player, and of course he was looked upon in open-mouthed wonder. No one had ever seen the popular bookkeeper so interested in bank work before, and they prophesied that he would "blow up" along about the eighth inning, which in their vernacular meant when the work got too heavy for the liking of Kelly.

"They say I'm a grand-stander," thought the bookkeeper; "well, just watch me make a couple of one-hand pick-ups, some lightning throws, and a few triples and home-runs. I'm up on my toes now, and I'll play to the grand-stand, bleachers or any old thing, so long as it gives me the feeling of enthusiasm which I have had during the past month. Why I have been dead for the past ten years. No one can stop me, so here goes for the game of banking; I'm in it to go up, now that I am awake."

Kelly perused the reading matter which Mr. Parsons handed to him, religiously. He almost devoured it. He read where Charles M. Schwab said that most talk about genuises is nonsense. Men who achieve things in business usually do it by application and self-discipline, so that they get full production from an average normal brain. Putting a tremendous amount of hustle and elbow grease into your work is the mainspring that shoots you to the top. Otherwise you will never arrive. Genius is a handsome name given frequently to hard working men, after they have finished a tough job.

Thus wrote the steel man, and the bank clerk pupil followed him to the last letter. Kelly began to realize that

climbing upward in his line of endeavor was purely a matter of inclination; that he merely needed to get more interested in the particular institution for which he worked.

Obstacles had no terrors for the bank bookkeeper. He was destined to "get on." Clerks slurred him for his enthusiastic methods, but he did not "blow up." Others praised his efforts and told him to keep it up. Yet in spite of the handicap of slurring remarks by some, Kelly threw all the energy which he possessed into his job. He hit the line of work as hard as he knew how and made inroads into it for big gains. He accumulated punch and a determination. He worked intelligently and continually to the limit of his ability. And, as Parsons remarked, "that is the thing that will land any man high up in the scale."

#### OFFICERS OF THE BANK TAKE NOTICE

Soon the officers noticed the change in Kelly—they do not have to be told; they can see for themselves when a man is trying and when he isn't. At the end of six months the president sent for the bookkeeper. It was the first time that Kelly had ever been "in on the carpet" in the language of the bank clerk, either for admonition or the reverse.

"Mr. Kelly," said the president, "what has been the reason for your extraordinary efforts, lately?"

"No reason," replied "Kel," "other than that I am gradually getting a little common sense and am just about waking up."

"Well," said the president, "we like the way in which you have opened your eyes, and Monday morning you are to assume your duties as the head of a department. When you are fully awake, you may, perhaps, expect a still more responsible position."

Kelly took the new job. The sporting page, baseball, theatres and the flotsam and jetsam of his human existence passed out of his life forever. He redoubled his efforts and gave the bank the best that was in him. He was occupied with thoughts of how best to improve his work, his job and the busi-

ness of his employers. And upon all this, gazed Parsons, the assistant cashier, who said, mentally, with a smile: "You're awake now, 'Kel'; you're coming a mile a minute. I can see your headlights gleaming."

#### THE REWARD OF SUSTAINED EFFORT

A year passed. The man who so recently had been a mere bookkeeper in the bank had made himself more valuable to his institution than ever. He was awake. He was alive. He learned to save time and effort on the part of his fellows. He made his department one of the most efficient units in the various divisions of the bank's daily life.

And then something happened, as it usually does to the man who sticks to his job, like grandmother sticks to her knitting. The bank needed a man to handle a matter with an out-of-town customer. Kelly was selected. He made the trip to the distant city, exercised a little headwork in adroitly adjusting the situation between the customer and the bank, also leaving the impression behind him that the bank had sent a live, wide-awake and courteous young man to take care of its customer's welfare and interests.

Kelly advised his bank by wire of the successful outcome of the mission with which his employers had entrusted him. He followed instructions implicitly, was delighted with himself that he could be of such service to his institution, and wended his way back to his hotel.

As he strode up to the desk, the clerk handed Kelly a yellow envelope. "Telegram for you, Mr. Kelly," said the clerk.

"More instructions," thought Kelly as he mechanically opened the missive. But Kelly was mistaken, for his eyes beheld the following:

New York, Oct. 17, 1917.

Fred Kelly,

Hotel Emerson, Baltimore, Md.

At directors' meeting to-day, you were appointed assistant cashier. Salary raised to \$3,000 a year. I claim credit for being your alarm clock. Congratulations.

PARSONS.

And as the new officer of the New York bank stepped under the shower in his bath that evening, he said aloud: "Now for the World's Series. I'm batting No. 4. I've got to keep up my average."

Kelly is still on the job.



## Banking a Mutual Enterprise

By A. B. HEPBURN,

Chairman Advisory Board, Chase National Bank, New York

**C**OMMERCIAL banking of the present day is a mutual enterprise. The stockholders, through the officers and directors, manage the business for the dividend returns; the public contribute their deposit line in exchange for banking service, and protection in the form of credit as their necessities may

arise. Such protection must be assured, and the management must have sufficient prescience to forecast the needs of its customers and put itself in a position to respond to those needs. A bank management that does not fully recognize the claims and equities of its customers will very soon find its business sadly diminishing.

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# Banking and Commercial Law

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## CASE COMMENT AND REVIEW

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### Clearing-House Rules

**T**HE clearing-house is the best example of the "get-together" idea in banking yet to be devised. The whole idea is based on an exchange of credits, and the cancellation of debts by the mere settling of the balance. Thus, if A owes B \$10, and B owes A \$5, if A pays B \$5, the debts are cancelled, and the double transfer avoided.

On this principle all clearings-houses operate. They are voluntary associations for the expediting of bank transactions through such an exchange. A bank joining a clearing-house must abide by the rules. This has been repeatedly upheld by the courts. One of these rules is, that a check passing through the clearing-house must be returned before a certain time, or its payment will be considered absolute. In New York, the hour is 3 o'clock. In the case of the First National Bank of Philadelphia vs. National Park Bank of New York, this principle is involved.

A check for \$18,000 drawn on the National Park Bank to the order of the First National Bank of Philadelphia was sent to the Hanover National Bank for collection and presented through the clearing-house. Tentative entry was made on the books of the Park. During the day the Park was notified that the drawer of the check, the Mutual Trust Company of Orange, was taken over by the Bank Department of New Jersey, and rescinded the credit before the time limit had arrived. Under the facts as stated, it was held that the credit of the check, under the rules of the clearing-house, did not constitute payment so as to make the Park liable

to the payee. The practical aspects of the case are clearly set forth in the text, and give a clear idea of the way in which payments are made through the clearing-house as a matter of banking procedure.



### Acceptance by Wire

The use of the wire in banking transactions is constantly increasing. Remittances made by checks are verified, notes and drafts reported paid or unpaid, and in many ways the wire is a necessity in finance.

It frequently becomes necessary to guarantee payment of drafts and bills of exchange by assurance that the item will be accepted when presented. For instance: A firm shipping a carload of grapes from California to New York might require some guarantee that the draft will be paid when presented, and the mails would be too slow for such confirmation. The New York bank would wire that a draft conforming to certain requirements would be paid on presentation, confirming the same by letter, and the shipment would go forward promptly, and the seller would be sure of his money.

It is a principle of law that an acceptance cannot be made verbally, but must be in writing. A telegram is a written instrument; and while the Negotiable Instruments Law requires an acceptance to be in writing, there is no doubt that in the absence of statutes to the contrary, an acceptance may be upon a separate paper. The acceptor, however, cannot be held upon a contract

of acceptance so made, unless it clearly imparts an absolute promise to pay. Thus, a written promise to accept an existing bill has been held to amount to an acceptance. The New York law provides that where the acceptance is on a separate paper, it does not bind the acceptor, except in favor of those to whom it is shown, and who, on the faith thereof, received the bill for value. A very interesting treatment of this subject will be found in the case of *Colcord vs. Banco De Tamaulipas*, in this issue



## Cashier's Checks

One of the principal instruments of banking is the cashier's check, which is used in making payments where drafts on corresponding banks are either unnecessary or undesirable. They are used to pay current bills, and to settle clearing-house balances and other transactions of like nature.

The advantage lies in the fact that the obligation may be met, and the balance in the depository bank on interest, remain undisturbed for a period of time. For instance: In purchasing a block of bonds, payment may be made by a cashier's check, and the obligation settled at the time of issue. The cashier's check will come back through the exchanges in the course of a few days, when payment must be made by a draft on the reserve city. In the meantime, the amount represented thereby has been drawing interest. Where these are issued in large numbers, their advantage is apparent, and shrewd bankers are quick to take advantage of every proper opportunity to save a bit here and there.

Legally speaking, the cashier's check is a bill of exchange drawn by a bank on itself, and accepted in advance, and is not subject to countermand of payment by the payee after endorsement. It has the same legal effect as the certificate of deposit, or a certified check. The subject is fully treated in *Walker against Southard* in this number.

## Leading Cases

### Clearing-House Rules

NEW YORK

#### *Binding Force of Clearing-House Rules*

New York Supreme Court, Appellate Division, First Department, Dec. 31, 1917.

FIRST NATIONAL BANK OF PHILADELPHIA VS.  
NATIONAL PARK BANK OF NEW YORK

The payee of a check, not being a member of a clearing house through whom it is to be paid, is not bound by the rules of the clearing house.

Where payee of check sent it to correspondent bank, who through clearing house presented it to defendant, the addressee bank, and defendant made a note on its balance ledger account of temporary debit, but on the same day and before the time for credit on return of check through clearing house expired, it was notified that the drawer was in the hands of the banking inspector and returned the check to the other bank, its acts did not constitute a payment of the check or acceptance thereof, so as to render it liable to the payee bank.

Action by the First National Bank of Philadelphia, Pa., against the National Park Bank of New York. From a judgment for plaintiff (100 Misc. Rep. 31), and an order denying motion to re-open the case, defendant appeals. Reversed, and new trial granted.

### STATEMENT OF FACT AND OPINION

Laughlin, J. The recovery was on a check drawn by the Mutual Trust Company of Orange, N. J., on the defendant, for \$18,231.66, to the order of the plaintiff. The plaintiff forwarded the check to its correspondent, the Hanover National Bank of New York, for collection. The Hanover Bank and defendant were members of the New York Clearing House, and presentment was made through the clearing-house, the rules of which provide for tentative settlements between the customers at the clearing-house in the morning according to the claims of the respective

customers with respect to the aggregate amount of the checks drawn on the other members, which they then and there present and deliver in envelopes or packages marked with the amount to representatives of the other members; but the constitution and rules of the clearing-house, as construed by the clearing-house committee, seem to require the redemption by any member of any check thus paid through the clearing-house and returned to it for any reason before 3 o'clock in the afternoon of the same day. The check in question was thus first paid through the clearing-house on presentment there to representatives of the defendant in the manner stated, without, however, having been examined by them, and without their knowing whether the account of the drawer was good for the amount. On presentation and delivery of the checks at the clearing-house, the representatives of each member then send them to their bank for examination. This may precede or follow the tentative settlement at the clearing-house, but such settlement is not affected thereby. On receipt of the checks at the bank on which they are drawn they are separated, and a slip is first made of the items drawn by each depositor, and from this another slip is made showing the aggregate amount of the items drawn by each depositor, and that is sent to the bookkeeper in charge of the ledger balances of the depositors before the checks have been examined with respect to their regularity and genuineness, and he at once makes a tentative entry in red ink of this aggregate amount in the charging or debit column of the balance ledger account.

That was done in this case, and that constitutes the only entry shown to have been made in the books of the defendant with respect to this check. The drawer's balance at that time was sufficient to pay the check. It does not appear definitely at what hour the examination of this check was made, nor was it clearly shown that it was passed as regularly drawn. At about 1:30 p. m. defendant was notified by the state banking department of New Jersey that it had

taken charge of the Mutual Trust Company of Orange and of its affairs under the statutes of New Jersey that morning, and formal notice in writing to that effect was received by it from said state banking department at about 2:30 p. m. That was in effect a notice to stop payment of checks drawn by the Mutual Trust Company. *Columbia-Knickerbocker Trust Co. vs. Miller*, 156 App. Div. 510. The defendant thereupon erased the entry made in its balance ledger account with respect to this check, and returned it to the Hanover Bank before 3 o'clock, and demanded payment pursuant to the rules of the clearing-house, and the amount of the check for which the Hanover Bank had received credit on the tentative settlement through the clearing-house was repaid to defendant, and the Hanover Bank took back the check and erased the indorsement thereon to the effect that it had been paid through the clearing-house. The check was thereafter presented to defendant and payment was refused.

It appears that the defendant kept an account, known as an account current, with its correspondents, in which the items are entered from day to day; but that account was not offered in evidence, and there is no evidence that any entry was made therein with respect to this check. Neither the plaintiff nor its collecting agent, the Hanover Bank, had any notice or knowledge with respect to said entry made by defendant in its balance ledger account, unless it be on the theory, claimed by counsel for respondent, that the defendant in receiving the check at the clearing-house became the agent of the owner to present it to itself for payment, and that as such agent it had knowledge of what it did as the drawee of the check, and that its principal, the owner, is presumed to have such knowledge. It is a little difficult to follow that theory; but, in view of the fact that the only entry shown to have been made was not a final entry, it is not necessary to express a decided opinion on the point at this time. There is no evidence of estoppel as between the plaintiff and the defend-

ant. The check was neither canceled, nor marked paid, nor retained by defendant.

The plaintiff contends that it is not bound by the constitution and rules of the clearing-house, as it is not a member thereof, and that claim is sustained by the decision in *Columbia-Knickerbocker Trust Co. vs. Miller*, 215 N. Y. The plaintiff, however, claims that, acting under the rules of the clearing-house, the defendant undertook to present the check to itself for payment, and that while it then had a right to reject it for any reason, the same as it would have had a right to refuse payment as between it and the owner of the check, had the check been presented at the counter of the bank, still that by passing on the check to the extent shown, and making the entry in the balance ledger account, it manifested its intention to pay the check, and to ratify the payment thereof which it had already made tentatively through the clearing-house, and that its action became irrevocable.

In support of that contention counsel for plaintiff relies upon *Columbia-Knickerbocker Trust Co. vs. Miller*, supra, and *Baldwin's Bank vs. Smith*, 215 N. Y. 76, and kindred cases. Those decisions, in view of the facts on which the adjudications were made, are not necessarily controlling in the ultimate decision of the issues herein; but in both of them, and in other cases cited and relied upon by the respondent, the rule is stated to be that payment may be shown by the intention to make it, evidenced by some unequivocal act, such as bookkeeping entries, or by the cancellation of a note or check and marking it paid, and in *Baldwin's Bank vs. Smith* it was held that a direction to a bank by the maker of a note, after the receipt of the note by the bank, to pay and charge it to his account, with a verbal agreement on the part of the bank that that would be done, constituted a payment, even though the bookkeeping entries were not made. This court, in *Hentz vs. National City Bank*, 159 App. Div. 743, prior to the two decisions of the Court of Appeals already cited, ex-

pressed the opinion that payment through the clearing house "is not a payment of any particular check, and does not become so until the time within which the check may be returned has expired." Judge Hand, after those decisions by the Court of Appeals, which he considered, expressed views to the same effect. *Eastman Kodak Co. vs. National Park Bank* (D. C.) 231 Fed. 320.

We do not deem it necessary at this time to decide whether that statement of the rule must be deemed modified by the subsequent decisions of the Court of Appeals to which reference has been made; for, even under the rule as stated by the Court of Appeals, no unequivocal act on the part of the defendant indicating its intention to pay the check was shown in the case at bar, and since the evidence does not show whether or not there were other entries made by the bank concerning this check, which may afford a basis for a recovery by the plaintiff, we think there should be a new trial, to the end that the facts may be fully developed.

The appeal from the order should be dismissed, without costs, and findings numbered VII, VIII, and XII, which are inconsistent with these views, and the conclusions of law and judgment, should be reversed, and a new trial granted, with costs to appellant to abide the event. Settle order on notice. All concur.

(168 N. Y. Supp. 422.)



## Acceptance by Telegraph

NEW YORK

### *Agreement to Accept by Telegraph Drafts*

Supreme Court New York, Appellate Division, First Department, Jan. 18, '18.

COLCORD VS. BANCO DE TAMAULIPAS

A telegram that a draft "is good," in answer to a telegram asking a bank if it would pay it, was not an "acceptance," nor an agreement to accept.

An allegation that "in and by the law of Mexico it was then and there provided," and

an allegation "it is also" the law, are too vague to show that the law was in effect at the time in question.

Action by Alan H. Colcord against the Banco de Tamaulipas. From an order overruling demurrers to the complaint, defendant appeals. Reversed.

# STATEMENT OF FACT AND OPINION

Dowling, J. The facts upon which the two causes of action herein are based are set forth in the complaint as follows: The First State Bank & Trust Company (assignor of the claim in question to plaintiff) is a banking corporation organized under the laws of the State of Texas, and having its principal place of business at Laredo, Tex. It is hereinafter referred to as the State Bank. Defendant is a banking corporation organized under the laws of the Republic of Mexico, and having its principal place of business at Tampico in the state of Tamaulipas, Republic of Mexico. On February 28, 1914, C. Barreda, as municipal president of the city of Nuevo Laredo, a municipality in the Republic of Mexico, made a certain draft or bill of exchange in writing. This (as well as all the other writings hereinafter referred to) was in the Spanish language, and translated into English read:

"\$5,000.00 (Mexican dollars).

"G. Laredo, Tamaulipas, Feb. 28, 1914.

"At three days' sight pay by this bill of exchange, in this city, to the order of the First State Bank of Laredo, Texas, the sum of five thousand Mexican dollars. Value which you will charge with or without notice to account of

"C. Barreda, Municipal President."

"To the bank of Tamaulipas, Tampico, Tampas.

"[Indorsement:] [Seal.] Municipal Government Constitutional of Laredo, Tamaulipas.

"[Written:] C. Laredo, Tampas, Feb. 28, 1914. C. Barreda.

"[50 cent Mexican stamp affixed.]"

Said draft was presented to the State Bank for purchase, which thereupon sent the following telegram to defendant:

"Laredo, Texas, March 3, 1914.

"Bank of Tamaulipas, Tampico, Tamps, Mex.:

"Please telegraph us immediately if you will pay a draft signed C. Barreda, Municipal President Nuevo Laredo, for five thousand Mexican dollars.

"First State Bank & Trust Co."

To this defendant replied as follows:

"Tampico, Mexico, March 5, 1915.

"First State Bank & Trust Co., Laredo, Texas:

"Draft C. Barreda, Municipal President Nuevo Laredo, for five thousand Mexican dollars is good.

"Banco de Tamaulipas."

On the same day defendant wrote the State Bank as follows:

"Tampico, Tam., Mex., March 5, 1915.

"First State Bank & Trust Co., Laredo, Texas—Dear Sirs: On this date and through the same method we have answered your telegram relative to Dr. C. Barreda's draft for five thousand Mexican dollars, which we confirm as per inclosed transcript.

"Yours truly,

"Banco de Tamaulipas,

"J. J. Dias, Cashier."

"P. Assemat, Mgr.

The transcript inclosed was as follows:

"Transcript of the telegram which the Banco de Tamaulipas addresses to First State Bank & Trust Co., Laredo, Texas, on March 5, 1914. 'Draft C. Barreda, Mayor of New Laredo, for five thousand dollars is good.'"

The State Bank, relying upon the faith of the correspondence quoted, bought the draft in question, paying 5,000 Mexican dollars therefor, and after indorsing it, so as to make it payable to any bank, banker, or trust company, transmitted the draft, so indorsed, to defendant, and duly presented it and demanded payment.

Thereafter defendant telegraphed to the State Bank:

"Tampico, March 19, 1914.

"We return remittance 9336 because it is not correct. We are writing.

"Banco de Tamaulipas."

The letter which followed was in these terms:

"Tampico, Tam., Mex., March 19, 1914.

"First State Bank & Trust Co., Laredo, Texas—Dear Sirs: We confirm our telegram of even date as per inclosed copy. Accordingly we return your remittance No. 9336 for its lacking of two signatures, to-wit: Faustino Garza's as finance commissioner and the signature of Dr. Adolfo Salinas Puga as health commissioner of Nuevo Laredo. It also lacks the official seal of the municipal corporation. Once the above requisites having been fulfilled, we will have no objection to honoring the remittance herewith returned. We have charged you with \$5.54 for telegram expenses. We are yours respectfully,

"Banco de Tamaulipas,

"J. J. Diaz, Cashier.

"P. Assemat, Manager."

Inclosed therewith was a copy of said telegram of March 19, 1914. The State Bank procured the signing of the draft by the two officials referred to in the latter, and also the affixing of the seal of the municipal corporation thereto, and in this condition it was returned to defendant and again duly presented for payment. The defendant retained the draft in its possession from March 24, 1914, to December 8, 1914, ignoring repeated demands to pay the same between March 29, 1914, and October 31, 1914, on which latter date it refused payment, and still refuses to pay the same. It is alleged that when said draft was accepted, and when it was presented for payment, the drawer thereof had deposited with the defendant funds sufficient to pay the same, and which had been so deposited for that purpose.

The first cause of action is based on the theory that defendant's telegram of March 5th constituted an acceptance of the draft in question and that defendant

was therefore liable to pay the same. I do not believe that defendant's telegram of March 5th can be interpreted to be an acceptance of the draft in question, nor as a promise to accept the same. The State Bank telegraphed defendant an explicit question as to whether defendant would pay a certain described draft. Defendant did not reply to this question directly, nor does it appear that it was under any duty or obligation so to do. The State Bank did not say in its telegram that it was about to buy draft upon the faith of defendant's reply. Defendant replied only that the draft was good, which reasonably meant only that C. Barreda, as municipal president of Nuevo Laredo, then had on deposit with defendant at least the sum of five thousand Mexican dollars, but gave the State Bank no right to assume that defendant would hold the funds to meet the draft, or would itself accept or pay the draft. On the contrary, the very form of the reply, not answering directly the question as to whether defendant would pay the draft, was sufficient to put the State Bank on its guard, and cause it to either require an explicit answer from defendant as to whether it would accept and pay the draft, or to proceed further at its own risk. The defendant had no control over the State Bank's transactions with Barreda, and it was the business of the State Bank to protect itself in its dealings with him, and to make certain that the draft would be accepted by defendant before it parted with its money on the faith of the draft.

An acceptance is a contract, and there are no words used by defendant in the telegram which can be interpreted to mean that it agreed to accept the draft. In *First National Bank of Atchison vs. Commercial Bank*, 74 Kan. 606, an acceptance was sought to be based upon the following telegrams passing between the parties:

"Adrian, Mich, October 15, 1903.

"First National Bank, Atchison, Kan.:

"Is J. F. Donald's check on you \$350 good?

"Commercial Savings Bank."

"Atchison, Kan., October 15, 1903.  
"Commercial Savings Bank, Adrian,  
Mich.:

"J. F. Donald's check is good for sum  
named.

"First National Bank."

In that case Donald was a depositor in the Kansas bank and drew a check upon it for \$350 to a payee who indorsed and delivered it to a third party, who in turn indorsed and delivered it to the Michigan bank. Donald stopped payment on the check before it was presented for payment, and the Michigan bank sued the Kansas bank for the face of the check and interest, claiming it had been accepted in writing, and that it had been purchased for value on the faith of such acceptance. The court held that the drawee of a check could not be held liable upon a claimed contract of acceptance, external to the bill, unless the language used clearly and unequivocally imported an absolute promise, and that the response that a check was "good for sum named" was not such a promise. In that case the reply was strictly responsive to the question, but the court said:

"It indicates no clear intention to make Donald's check good whenever presented and whatever the condition of his account. It is entirely consistent with the simple purpose to state Donald's standing at the bank on the day of the telegram. It fairly means: 'Donald's account is now sufficient to meet a check for the sum named.' The writings are not equal to the unambiguous and unequivocal 'Will you pay?' and 'We will pay.'"

So, also, in *Kahn vs. Walton*, 46 Ohio St. 195, it was held that, while an affirmative answer by the bank to a general inquiry whether checks of a person named for a specified sum are good is information that such person has on deposit, subject to check, money to that amount, it does not constitute an acceptance or certification of, or otherwise create an obligation on the bank to pay, checks which the inquirer may then hold. The telegraphed query in that case was, "Are M. A. Walton's checks

for \$2,000 good?" to which the bank answered, "Yes, sir." In the course of its opinion the court said:

"It is manifest there was no acceptance or certification of the checks in question in this case. The telegraphic correspondence between the bank and Kahn's agent amounted to no more than an assurance that valid checks to the amount stated, drawn by Walton, or that might be drawn by him, were then good. No particular checks were mentioned in the inquiry, nor any intimation given that the inquirer had received, or was about to receive, such checks; nor had the bank any means of identifying the checks to which the inquiry related. Its telegram, therefore, did not commit the bank to the payment of any particular check. At most, it was information that Walton had, at its date, money on deposit to the amount stated, subject to check. *Espy vs. Bank*, 18 Wall. 604 [21 L. Ed. 947]."

In *Myers vs. Union National Bank*, 27 Ill. App. 254, the query telegraphed to the defendant bank was, "Will drafts for \$3,800 made by J. R. Snyder on you be paid, if presented Monday?" to which the reply was sent, "Drafts named are good now." The funds of the drawer having been paid out to meet other checks, it was sought to hold the defendant for the drafts in question as upon a virtual acceptance for certification. The defendant was held not to be liable as it had not accepted the drafts. The court said:

"An acceptance is a contract, and does not differ from other contracts in the essential requirement of a meeting of minds. A bank is not bound to accept by telegram the checks or drafts of its depositors, although in possession of funds to pay. Its duty in such cases is to accept a draft, or pay a check, only on presentment. One relying on a telegram as an acceptance should see to it that the language used will, at least, fairly bear the meaning. *Rees et al. v. Warwick*, 3 Eng. C. L. 467."

These cases support the general rule as laid down in *Daniel on Negotiable Instruments* (6th Ed.) vol. 1, p. 600:

"There is no doubt that, in the absence of statutory interdiction, an acceptance may be upon a separate paper, as in a letter, for instance, as well as upon the bill itself. The drawee cannot be held liable upon a contract of acceptance external to the bill, unless the language used clearly and unequivocally imports an absolute promise to pay. Thus a written promise to accept an existing bill, or 'that it shall meet with due honor,' or that the drawee 'will accept or certainly pay it,' or any other equivalent language, has been held to amount to acceptance. But if the language be equivocal—if it be merely stated, 'Your bill shall have attention'—it is not sufficient."

The Negotiable Instruments Law of New York (Consol. Laws, c. 38), in section 222, provides that:

"Where an acceptance is written on a paper other than the bill itself, it does not bind the acceptor, except in favor of a person to whom it is shown and who, on the faith thereof, receives the bill for value."

It follows as the result of the reasoning of the foregoing cases that the State Bank had no right to rely on defendant's telegram that the draft was good in purchasing it, but should have insisted on a direct answer to a question whether defendant would accept or pay the draft. Not having done so, and defendant not having said in its telegram that it would either accept or pay the draft, the latter is not liable. The case of *Garrettson vs. Bank* (C. C.) 39 Fed. 163, 7 L. R. A. 428, is not controlling here, for in that case the question was, "Will you pay James Tate's check on you twenty-two thousand dollars? Answer," and the reply was, "James Tate is good. Send on your paper." In its opinion the court laid stress on the last words, "Send on your paper," as clearly implying that it was to be sent on for payment and not merely for acceptance. No such words were used in the case at bar. The demurrer to the first cause of action should have been sustained.

The second cause of action, after restating all the facts alleged in the first cause of action except the assignment of the claim and the retention of the draft and refusal to pay same by defendant, sets forth that defendant when the original draft was presented to it for acceptance and for payment, failed and neglected to accept or pay it; that the State Bank caused the additional signatures and municipal seal to be affixed to the draft as requested by defendant in its letter of March 19, 1914, and again on March 28, 1914, the State Bank presented the draft to defendant "for formal acceptance and also for payment"; that defendant had promised to formally accept and pay the draft (reallieging the original telegram and the reply thereto), but instead refused and still refuses to keep its said promise; that defendant retained the draft in its possession from the time of its presentation until December 8, 1914, and during the whole of said time failed to formally accept or pay the draft, although repeated demands for payment were made, until October 31, 1914, when it notified the State Bank of its refusal to formally accept or pay "said draft." It is then averred:

"Sixth. That in and by the law of Mexico it was then and there provided that, when a draft of the character of the draft herein set forth is presented for acceptance, the drawee must accept it or refuse plainly his acceptance on the same day in which the bearer presents it for that purpose. And it is also the law of Mexico that, if the drawee allows the day to pass without returning such draft, he will be liable for its payment."

The assignment of this cause of action to plaintiff is then alleged. This cause of action proceeds upon the theory that the telegram of March 5th was not an acceptance, but an agreement to accept, for the breach of which defendant is equally liable. For the reasons heretofore assigned, I do not believe the telegram in question was an agreement to

accept, any more than it was an acceptance. In so far as plaintiff pleads upon the alleged telegram as an agreement to accept, I believe the complaint is demurrable. Plaintiff does not set forth any acts done by his assignor, liability assumed by it, or moneys paid out by it, after the receipt of the defendant's letter of March 19th, nor does he seek to predicate any liability thereupon. Had the State Bank paid out its moneys only after the receipt of that letter, a very different question would have been presented.

The statute law of Mexico sought to be pleaded not only raises a new theory of defendant's liability inconsistent with the remaining allegations of the second cause of action (which are based solely on the ground that the original telegram of defendant was an agreement to accept), but that law is so inartificially pleaded that it is not made applicable to the state of facts set forth. It is said that "in and by the law of Mexico it was then and there provided" that the drawee must accept or refuse acceptance at a certain time, but whether this law was in effect when the transactions in question occurred does not appear. It is also alleged that "it is also" the law of Mexico that, if the drawee allows a day to pass without returning the draft, he will be liable. But this allegation is also vague as to time, and it does not clearly show that the law was to the effect quoted when the transactions between the parties were had. For all these reasons, the demurrer to the second cause of action should also have been sustained.

The order appealed from will be reversed, with \$10 costs and disbursements, and the demurrers to the first and second causes of action sustained, with \$10 costs, will leave to plaintiff to serve a further amended complaint as to said causes of action on payment of said costs.

Order reversed, with \$10 costs and motion denied, with \$10 costs, and demurrers sustained, with leave to plaintiff to amend on payment of costs. Order filed.

## Cashier's Check

ALABAMA

### *Nature of Cashier's Check—Rights of Holder*

Supreme Court of Alabama, Jan. 24, 1918

WALKER VS. SELLERS

A "cashier's check," being merely a bill of exchange drawn by a bank on itself, and accepted in advance by the act of its issuance, is not subject to countermand by the payee after indorsement, and has the same legal effect as a certificate of deposit or a certified check.

A petition alleging that petitioner procured a cashier's check covering the amount of his deposit, that he indorsed the same over to another, that the check was returned unpaid to the bank in which the indorsee deposited it, the drawer bank in the meantime having been closed, and that the sum was charged back to the petitioner, does not state facts establishing petitioner's claim as that of a depositor preferred by Const. 1901, section 250; for, while the relation of depositor and creditor existing between petitioner and the bank continued as long as he retained the check, yet when indorsed over, title passed to the indorsee, who became entitled to collect the proceeds, and, upon dishonor and the closing of the bank, to recover as a creditor, and hence no recovery by petitioner can be allowed.

Petition by J. A. Sellers for intervention and to be declared a preferred creditor of the Clanton Bank. From the decree rendered, A. E. Walker, the Superintendent of Banks, appeals. Reversed, rendered, and remanded.

The petition shows that A. E. Walker, as superintendent of banks in Alabama, is administering the assets of the insolvent Clanton Bank in the circuit court of Chilton county in equity, and seeks to establish petitioner's claim against said bank as the preferred claim of a depositor under section 250 of the Constitution. It is alleged that petitioner deposited money in the said bank during the month of March, 1916, without stipulating for interest thereon, and that on March 30, 1916, he procured the issuance to himself by said bank of a cashier's check for \$1,102.54, which covered the amount of his deposit; that on April 4, 1916, said cashier's check was indorsed over to Ed Waggoner by petitioner, who deposited the same in

the American National Bank of Sapulpa, Okla., to the credit of Carl Waggoner & Son, and on said date, April 4, 1916, said check was forwarded to the Exchange National Bank of Tulsa, Okla., and about April 15, 1916, it was returned to said American National Bank with the notation thereon, "Bank closed," and the said sum has been charged back to petitioner. The petition sets up facts showing that, if petitioner is a preferred depositor, he is entitled to share in a distribution to such depositor of 80 per cent. of their claims. The demurrers present the question whether, upon the allegation of petitioner, the petitioner is a preferred depositor, or was such at the date of the insolvent bank's failure. The demurrers were overruled.

#### STATEMENT OF FACT AND OPINION

Somerville, J. "A cashier's check, being merely a bill of exchange drawn by a bank on itself, and accepted in advance by the act of its issuance, is not subject to countermand by the payee after indorsement, as is an ordinary check by the drawer, and the relations of the parties to such an instrument are analogous to those of the parties to a negotiable note payable on demand." 2 Michie on Banks and Banking, section 139 (2). But "when such a check is given to a depositor to cover the amount of a withdrawal, it is merely an acknowledgment of an indebtedness on the part of the bank to the payee of the order. The change thereby made is not in the nature of the debt, but in the evidence of it." *Clark vs. Chicago, etc., Co.*, 186 Ill. 440.

As between the bank and the payee a cashier's check is, in legal effect, the same as a certificate of deposit or a certified check. *Clark vs. Chicago, etc., Co.*, supra; *Lummas Cotton Gin Co. vs. Walker*, 195 Ala. 552.

Certainly the purpose in each case is the same, that is, to enable the holder to use the check as money; and when a check is certified it ceases to possess the character, or to perform the functions, of a check, but represents so much

money on deposit, payable to the holder on demand. *National Commercial Bank vs. Miller*, 77 Ala. 168. "Such a deposit stands upon exactly the same ground as any other." *Id.*

Manifestly in the present case the cashier's check to petitioner did not, so long as it remained in his hands as owner, dissolve his relation with the bank as depositor, though the fund which it represented was withdrawn from its former subjection to his order other than through the medium of the cashier's check itself, just as would have been the case if he had procured a certified check instead. But when petitioner indorsed the check to Waggoner, he of course transferred the fund to him, and Waggoner, as his transferee, acquired the status and enjoyed the rights of a depositor until he presented the check to and received payment from the drawer bank.

Obviously, then, petitioner has no interest in the fund represented by the cashier's check so long as that check is held by an indorsee; and there is no allegation in the petition showing that it is not still held and owned by the indorsee, Waggoner. On the face of the petition, Waggoner is entitled to claim the distribution due to depositors of the Clanton Bank, and not petitioner.

We do not overlook the allegation that the collecting bank returned the check to the depositee bank, and that "the said sum has been charged back to petitioner." When a deposited check on another bank is credited to the depositor's account, and is afterwards dishonored, the bank may, of course, charge the amount back to the depositor's account, and this action restores the check to the ownership of the depositor.

It does not appear who charged this check back to petitioner, but it could only have been done by Waggoner, of course. However, as between an endorser and indorsee in the course of business, even where the indorsement represents a payment on account, the mere act of charging back to the indorser's account the sum previously credited does not of itself restore the

indorsed instrument to the indorser. Although the credit conditionally entered is suspended, yet the instrument still belongs to the indorsee, and he may still pursue his rights thereunder against the indorser and all prior parties. The dishonored instrument is restored to the legal ownership of the indorser only by its retransfer to him by the indorsee, or, in equity, by the indorser's payment to the indorsee of the original consideration for which it was given.

The respondent as administrator of the insolvent bank, is entitled to protection against the apparent claim of Waggoner, as indorsee; and petitioner is entitled to the relief prayed only when he shows that he is the owner of the deposit represented and evidenced by the cashier's check.

In this aspect the demurrer should have been sustained, and the decree of the circuit court will be reversed, and one here rendered accordingly. Petitioner will be allowed 30 days in which to amend the petition.

Reversed, rendered, and remanded.  
75 So. Rep. 715.



## Notice of Non-Payment

TEXAS

### *Collections—Negligence—Notice*

Court of Civil Appeals, Texas, El Paso,  
Dec. 19, 1917.

TERRELL VS. COMMERCIAL NATIONAL BANK OF  
EL PASO

A bank that held a draft for 27 days without notifying the payee of nonpayment when instructed to give notice by wire was guilty of negligence, and liable for resulting loss.

In such case, unless it appears that the drawer of draft would have realized something on the debt from drawee but for the bank's negligence, only nominal damages can be given.

To recover compensatory damages for negligence of a bank for failure to promptly notify drawer of the nonpayment of a draft the burden of proof is upon plaintiff to show by preponderance of evidence that it could and would have recovered and applied to drawee's indebtedness money of the

drawee on deposit in another bank, and such burden never shifts.

In such a case, the measure of damages would be the amount plaintiff would have so recovered not to exceed the amount of the draft.

Suit by F. H. Terrell, trustee in bankruptcy of the Goldoft Liquor Company, against the Commercial National Bank of El Paso, Tex., and others. Judgment for plaintiff for partial relief only and he brings error. Affirmed.

### STATEMENT OF FACT AND OPINION

Higgins, J. Plaintiff in error, trustee in bankruptcy for the Goldoft Liquor Company, brought this suit against the Commercial National Bank, the State National Bank, both of El Paso, Tex., and the Gila Valley Bank & Trust Company of Globe, Ariz., to recover the amount of a draft in the sum of \$2,000 drawn by the liquor company against C. A. Adams of Globe, Ariz., same having been drawn through the Commercial National Bank on September 7, 1914. The case was tried without a jury, and judgment rendered for the plaintiff against all defendants in the sum of \$1 and costs. There is no statement of facts in the record. Findings of fact, however, were filed by the trial court. A condensed statement of the findings is as follows:

C. A. Adams was indebted to the liquor company in the sum of about \$4,000, and on September 7, 1914, the liquor company drew a draft upon him in the sum of \$2,000 through the Commercial National Bank. The bank passed the amount of the draft to the credit of the liquor company. The draft was a protest item, and the Commercial Bank turned same over to the State Bank. The State Bank on September 8, 1914, sent same through the mail to the Gila Valley Bank & Trust Company. The State Bank directed the Gila Bank to wire if same was not paid. The Gila Bank received the draft on September 10, 1914, and held it until October 7, 1914, when it returned same to the State Bank, which in turn returned it to the Commercial Bank, and

the latter bank then charged the liquor company's account with the amount thereof. When the Gila Bank presented the draft to Adams it was not paid. The Gila Bank failed to wire the State Bank of its nonpayment, and the liquor company had no notice of nonpayment until October 9, 1914. Upon receipt of the draft the Gila Bank went to Adams' place of business, but did not find him. Some days later, however, Adams promised that bank that he would pay the draft, but never did so. On the morning of October 10, 1914, the liquor company sent a representative to Globe. From and after September 15, 1914, Adams has been insolvent. From September 8 to September 28, 1914, Adams had on deposit in the First National Bank of Globe, Ariz., various sums of money varying from \$1,314.85 to \$3,440.31. On September 28, 1914, this was reduced to \$14.85, and on October 1, 1914 to 85 cents. Shortly after October 1st Adams left Globe, and his whereabouts have since been unknown. On September 7, 1914, most, if not all, of Adams' assets were covered by a chattel mortgage, which, together with the lien for rent, about equalled the value of his property.

In the latter part of September, 1914, various creditors other than the liquor company levied attachments against Adams' effects. The liquor company knew nothing about these suits until after the return of its draft. The evidence did not disclose the exact amount of Adams' indebtedness to his other creditors except the indebtedness to one Keating, who was secured and who realized the amount of his claim. However, the aggregate of Adams' indebtedness, other than that to Keating, was considerable, and if any of the attaching creditors realized anything upon their attachments, it was not as much as \$200. The Gila Bank was negligent in failing to promptly notify the State Bank of the nonpayment of the draft. Had it done so, the State Bank would have notified the Commercial Bank, which in turn would have notified the liquor company, and the liquor company would have used ordinary diligence to collect its debt against Adams. At the

time the draft was drawn the liquor company knew that Adams did business with the First National Bank of Globe but had no information as to whether or not he had any money in such bank. Whether the liquor company would have realized anything on its debt, or what sum it would have realized had it pursued the remedies available to it, does not appear from the evidence, and the trial court, from a preponderance of the evidence, was unable to say that the liquor company had suffered damages in any specific sum.

Upon the facts so found, the court concluded as a matter of law that the defendant banks were bound to use due diligence in the presentation of the draft and to promptly notify if same was not paid, and failure to exercise due diligence in this respect rendered them liable for any resulting loss; that the burden of proof rested upon plaintiff to show the extent of his damages arising from the breach of duty on the banks' part; and that while the three banks were negligent in handling the draft, they were liable for nominal damages only because the plaintiff had failed to show with reasonable certainty the damages which it had sustained.

It is very clear that plaintiff in error is not entitled to recover on account of the negligence of the banks in the presentation and handling of the draft, unless it has sustained damage in consequence thereof. *Injuria absque damno* will not sustain an action. Story on Agency, section 236; 2 Bouvier's Law Dict. (Rawle's Third Revision) p. 1580. The burden of proof rested upon plaintiff in error to show substantial damage and with reasonable certainty the amount thereof. Unless this was done, nominal damages only could be awarded.

The trial court made a general finding that it does not appear from the evidence whether the liquor company would have realized anything on its debt against Adams, or what sum it would have realized, had it pursued the remedies available to it. In that state of the evidence, the court could not have rendered a judgment for more than nominal damages. In the absence of a statement of facts this court cannot re-

view that finding. But in this connection, plaintiff in error insists that other facts found by the court rebut the finding indicated above. This insistence is based upon the finding with respect to funds belonging to Adams on deposit in the First National Bank of Globe and the finding that plaintiff would have exercised due diligence to collect its debt had it been promptly notified of its nonpayment. But it does not necessarily follow, as a matter of law, that in the exercise of due diligence the plaintiff in error would have garnisheed those funds in time to have impounded same. Nor does it necessarily follow, if it had promptly garnisheed, that it would have prevailed in the garnishment and recovered such funds. This court has no knowledge of all the evidence adduced upon the trial upon which the court based its finding that plaintiff had failed to show whether it would have realized anything upon its debt, or the amount it would have realized. The state of the evidence may have been such as to justify and support this finding, notwithstanding the fact that Adams had considerable funds on deposit in the First National Bank. In the absence of a statement of facts this court must uphold the general finding made by the trial court indicated above, unless its incorrectness is shown by other specific findings made.

Under its second proposition, plaintiff in error asserts that the burden of

proof rested upon defendants in error to show that it could not and would not, in the exercise of reasonable diligence, have reduced to its possession and obtained the money on deposit in the First National Bank. On the contrary, the burden of proving this fact rested upon plaintiff in error. The burden never shifts from the plaintiff to establish by a preponderance of the evidence the facts upon which he relies for a recovery. *Boswell vs. Pannell* (Sup.) 180 S. W. 593. In order to establish plaintiff's right of recovery in this case, based upon the fact that Adams had funds with the First National Bank, it was necessary for it to show by a preponderance of the evidence that it could and would have recovered and applied to the payment of Adams' indebtedness the money or some of the money which he had on deposit with said bank. Until it did this, it had shown no substantial damage resulting from the defendants' negligence. Had it done this, it would have established a *prima facie* case, and the measure of its damage would have been the amount it would have so recovered, not to exceed the amount of the draft. The amount of the draft is in no wise material in determining the measure of damage until a *prima facie* case had been made in the manner indicated, and it then becomes material only as limiting the amount of recovery.

Finding no error, the judgment is affirmed. 199 S. W. Rep. 1133.





## Letter No. 2 of the New Series

By W. LIVINGSTON LARNED

The Lovable Philosopher mingles Business Sense with Human Sentiment, and looks deep into the comedies and tragedies of His Small Town. The Crisis of the Great Conflict as it relates to Banking.

*Friend James:*

**T**HE Third Liberty Loan campaign is to be followed by one for the Red Cross. One hundred million dollars is the goal! Think of it! I am falling into your way of



The country is called on in these times to contribute a large sum to the Red Cross. This amount goes up into the millions, but it is comparatively easy for our Nation to support a just cause in this way. There are a great many of us and in the aggregate our contributions mass up impressively. It's the old, old, wonderful story of the pennies mounting into the dollars and the dollars mounting into the thousands of dollars. It is an honorable privilege to be able to say "I have helped the Red Cross." The long arm of this splendid organization reaches everywhere—sees all suffering and succors it—knows no denomination.

emphasis, when you speak of what is expected of America and Americans. These amounts frighten you. Mention of them is made in whispered awe. You seem to reckon it is such a marvelous, stupendous undertaking—that the aggregate of sacrifice is an inspiration for many generations to come.

We often disagree. Solid friendship, I sometimes think, is built upon disagreement. When men's dispositions run in the same groove, they cease to interest one another. I can't say that I think the sacrifice is staggering. Not yet, at any rate. The trouble is, my friend, a FEW are making that sacrifice. It seems to be a spasmodic and intermittent patriotism—that patriotism which takes form in money either given the Government or loaned to it.

If EVERY man did his share, we'd come out from under these Liberty Loans with a grin. There'd be nothing to it, James. We are a widespread people. We are multitudinous. We make money easily. Poverty is an American heritage only to the fellow who has a chronic and organic contempt for Work. The country is glutted with Opportunity. The rising generation is compelled to step lively to evade the long arms of Bright Prospect. It's not a case of "What can I do?" but of

"Which Job shall I Select?" Big Business employs a competent force of "Brain Scouts"—experts who are forever searching for Ability. It isn't necessary to do as much climbing of that ladder of success—Opportunity reaches down and yanks you up it.

But what I wanted to say—and say rather frankly—was THIS:

There would be an oversubscription to these Liberty Loans—a surplus large enough to have the next one-half finished—if ALL of us did ALL we could, as occasion arose. My banking experience has repeatedly convinced me—proved to me—the astounding virtue of team work and little things of an accumulative character. It's the many, many pennies that COUNT UP, in the end, rather than the spurty dollars. A steady, unflagging, unfailing, day-in-and-day-out system of saving, for instance, will amass a fortune with astounding rapidity. With incredible speed the science of mathematics proves its case. If there is one thing more than another, that creates the habit of Bank Saving, it is the discovery men make of what Small Beginnings will do. It wins their confidence. They are interested before they realize it. There is a fascination in the uncontrovertible Truth of averages and of STEADY thrift.

\* \* \*

**P**ERHAPS I can illustrate my point in an intensely practical way. It was calculated that our territory should yield something like three thousand dollars, in a given period, in Thrift Stamps. The territory in question is small—limited—restricted. Our farmers are wealthy; our middle-class citizens all make moderate sums. Now three thousand dollars SOUNDED inconceivably large to the committee. It couldn't be done! There wasn't that much loose change in town, what with the high cost of living and the Movies. It was, moreover, unfair to EXPECT them to realize that amount, in proportion to the wealth of the community—its size.

It was my privilege to suggest a scheme to this committee, and I want to

tell you about the scheme because it was successful. "Gentlemen," I said, when they visited my office one rainy afternoon, "for a year now, when you wanted to raise funds by popular subscription, you have invariably touched only the HIGH spots. You went where you felt reasonably SURE you'd get the money. It was the world-old policy of Line of Least Resistance. Why not break away from precedent? THIS time, resolve to visit every man and woman in the town. If they ALL buy a stamp or two, you will have that three thousand the second day. Then go on to tell the people that community pride—civic pride—should and MUST prompt them to contribute EVENLY—everybody giving HIS or HER share. Why ask a handful to be a living expression of the patriotism of a town? At the psychological moment, a Y. M. C. A. representative, who had been abroad and who KNEW the horrors of the situation, stood in the bandstand of our local park and told the citizens a few things that made them think and grow suddenly tense—and cry a little.

We sold Thrift Stamps like hot cakes and three thousand was easily raised



Time is the final arbiter of us all. He holds unseen and intangible strings to destiny, but they are none the less positive. Sooner or later, time convinces us of the wisdom of conservation. Some discover it early in life, others late—too late.

I know a father of five sturdy boys who has successfully encouraged his sons to save by impressing upon them the inevitable workings of Time. He keeps To-morrow constantly in their minds. While living in the present, the future is made to loom large.

ahead of schedule. I want to tell you, Friend James, it was EASY—easy on EVERYBODY, the moment EVERYBODY gave a little. Incidentally, this Government plan of War Savings Stamps and Thrift Stamps will accomplish more good—in the end, in quite another direction—than I can begin to tell. We are quite unconsciously sending our people to a banking school. They are learning the powerful lesson of thrift—of “putting away”—of wise investment. Folks that never invested or saved a dollar before in their lives are coming in direct contact with banks—with bankers—with frugality and saving—with influences that will prove magic assets later in their lives.

\* \* \*

**T**HERE is no question concerning the significance of the above, Jim. These Loans HAVE introduced the Public to its Banks. New faces come into our place—timidly, at first; then with increasing trust and respect for the institution. The Thrift Stamp is far-reaching in its influence. It's a tiny link, but it has been sufficient to interest folks in us, who would NEVER have thought of banks otherwise. They come to ask questions—to buy the stamps—to get the facts. It is doubly true of the Bonds. And, Jim, if this great War has its agony and its beastly side, there are also atonements. We were inclined to be a wasteful Nation only Yesterday. We squandered. The habit of banking a part of what we earned was common only to the minority.

It will be different after this thing is over.

Saving is destined to become second nature with many. They will have had an opportunity to see the splendid side of it—the pleasure and profit and sense of security it brings.

\* \* \*

**A**PEPPERY, indignant little man came in to see me not long ago.

He was bristling with pompous self-concern. I had permitted a degrada-

tion. I had lowered the standards of my bank. I was turning an institution into a sign-board.

And what do you suppose was the CAUSE of that outburst?

We had pasted up posters in our window of the Third Liberty Loan and of the other Financial war measures. A hand-painted sign for Uncle Sam and Company stretched straight across the front of the building! How unthinkable!

“What is your objection to this?” I asked.

“Are there not bill boards enough?” he thundered.

“Scarcely,” was my response. “The Government has a great many different things to advertise these days, and, after all, Liberty Bonds and W. S. Stamps SHOULD be advertised where they are sold—at their headquarters—the banks.”

“It cheapens the institution,” he insisted, “all these cheap, lurid lithographs and these hastily scrawled signs. I have a good notion to switch my account.”

And then I had my say, for I was angry—disgusted.

I told him of the pride most of us took in this Government work. Of why it meant more than any immediate personal consideration. I gave him to understand that these posters were badges of honor—that they were working for sons who were already on the other side fighting for the Home folks. I told him that money had almost lost its purchasing power, save when it worked in the interests of humanity and God and the Allied Victory. Right-thinking people, having given both their sons and their sentiment to the Cause, were ready to back these two with their RESOURCES. The Government was asking a loan—not charity. These insignia of that Loan were an allegorical representation of Uncle Sam's own hand, reaching out to us in a universal appeal.

Something in that talk must have touched a weak spring in his infernal and internal mechanism. He bought a hundred dollar Bond—and apologized.

SIX times during as many weeks people whom I knew in our town evaded the question, when I asked them why they did not bank with us.

They were even carrying on a long-distance negotiation with an institution in another county.

I could not understand—it puzzled and pained me.

And then I asked one of these persons WHY it was.

Why the lack of allegiance to a home institution of long and honorable standing in the community?

"Since you force me to do so, I will tell you," answered the woman. It was the wife of a successful hardware dealer. "There is too much gossip going on in your bank. There are leaks. I am afraid my private, personal affairs will be hawked about the town. That would be distasteful to me."

"But there MUST be some mistake," I replied, unwilling to believe what I had heard.

"It is true," she insisted; "several times these rumors have come to my ears. Mrs. Jones whispers that Mrs.

Smith's bank balance is only so-and-so. Mr. Green tells Mr. Brown that Mr. White must be making at least seven thousand a year, to judge by the weekly deposits he makes. This person drew out a thousand dollars last week, for one reason or another—that person had borrowed five hundred. Your depositors are not held as sacred, insofar as their business relations with your bank are concerned."

I investigated. You know what a piece of news like THAT would do to me, Jimmy.

And I DID discover a leak.

One of the bank employees was a young fellow. He had gone in for the social thing. He found that he could reach quite exclusive ears by spreading gossip. Personalities find a ready market. It was not done maliciously—just Youth and inexperience, effervescing.

It taught me a lesson.

Once a week regularly my men gather in my office. I have made THEM feel the humiliation I felt, when that woman spoke.



## The Official Bulletin

OWING to the enormous increase of Government war work, the governmental departments at Washington are being flooded with letters of inquiry on every conceivable subject concerning the war, and it has been found a physical impossibility for the clerks, though they number an army in themselves, now to give many of these letters proper attention and reply. There is published daily at Washington, under authority of and by direction of the President, a government newspaper — The Official U. S. Bulletin. This newspaper prints every day all the more important rulings, decisions, regulations, proclamations, orders, etc., etc., as they are promulgated by the several departments, and the many special committees and agencies now in operation at the National Capital. This official journal

is posted daily in every postoffice in the United States, more than 56,000 in number, and may also be found on file at all libraries, boards of trade, and chambers of commerce, the offices of mayors, governors, and other federal officials. By consulting these files most questions will be found readily answered; there will be little necessity for letter writing; the unnecessary congestion of the mails will be appreciably relieved; the railroads will be called upon to move fewer correspondence sacks, and the mass of business that is piling up in the Government departments will be eased considerably. Hundreds of clerks, now answering correspondence, will be enabled to give their time to essentially important work, and a fundamentally patriotic service will have been performed by the public.

# Book Reviews

**HOW TO MAKE YOUR WILL.** By William H. Osborne. Small, Maynard & Co., Boston. Price, 50 cents.

An attractive and practical presentation of the advisability and necessity of drawing up a will.

Explains the law governing wills, gives accepted forms, and recommends trust companies as executors and trustees of estates.



**OUR MONEY AND THE STATE.** By Hartley Withers. Dutton & Co., N. Y. C. Price, \$1.25.

We are all paying war taxes, and it is to everyone's interest to understand clearly on what principles tax-money is raised and distributed.

Especially interesting at present is the author's explanation and discussion of the question whether war expenses should be met by loans or by taxes.

The author is an international authority on finance and formerly financial editor of the *London Times*.



**STATISTICS.** By W. B. Bailey and John Cummings. McClurg & Co., Chicago. Price, 60 cents.

This volume is prepared to give a knowledge of the methods and elements of statistics.

Much valuable information on how to gather, tabulate, and rightly interpret statistical material is given clearly and concisely.



**NEW YORK BANKING LAWS, 1914.** Compiled by W. S. Paine. Baker, Voorhis & Co., N. Y. Price, \$3.50.

The laws of the State of New York relating to banks, banking, trust, investment, safe deposit, personal loan companies and brokers, private bankers, savings and loan associations, credit unions and the land bank, together with the acts affecting moneyed corporations generally, including the stock corpo-

ration law, the general corporation law, the negotiable instruments law, and those parts of the tax law and of the penal law applicable thereto. Supplements covering 1915, 1916, 1917.



**INVESTING FOR PROFIT.** By G. C. Selden. Magazine of Wall St., N. Y. Price, \$1.00.

The principles of investment outlined in this work are thoroughly sound and have been proved effective by the experience of years. They are stated in plain language, illustrated by actual examples and can be readily understood and applied by anyone who will give a little time to their study. Makes clear the machinery of Wall Street; why it exists, how it works and what it accomplishes.



**THEORY AND HISTORY OF BANKING.** By Charles F. Dunbar. Putnam's Sons, N. Y. Price, \$1.50.

The third edition, enlarged and revised, and contains three new chapters—Foreign Exchange, Central Banks and the Federal Reserve Banking System, by O. M. W. Sprague.

This work has firmly established its place in the literature of banking. It gives a clear-cut statement of banking operations, supplemented by a series of historical chapters on certain great banks and banking systems.



**HEATON'S ANNUAL FOR 1918.** Heaton's Agency, Toronto. Price, \$1.25.

A commercial handbook of Canada, giving the official directory and financial information—a standard reference book for investors, travelers and manufacturers.

Authoritative articles on the customs tariff, and customs laws and regulations are included, also up-to-date and complete descriptions of towns and cities and general information of the dominion as a whole.

# Banking and Financial Industry

SPECIAL

**The BANKERS  
MAGAZINE**

SECTION



## THE LIBERTY NATIONAL BANK *of* NEW YORK

CAPITAL . . . . \$3,000,000.00

SURPLUS . . . . 3,000,000.00

UNDIVIDED PROFITS 1,010,300.00

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# How the Bank Clerk Problem is Being Worked out in the Fourth and First National Bank, Nashville, Tenn.

By MAY SELLEY

**K**NOWING the impulsive ardor of Southern men and their reputation for volunteering, at the very beginning of the war, our management was quick to see that it would be necessary to replace the men with women. This was not an easy matter, for with few exceptions there were no women trained in bank work.

Having been a bank clerk myself for a number of years, and an enthusiast along all lines that concerned banks or women, I was naturally anxious to know what the outcome would be. I had long felt that in certain lines of detail work women really were able to excel, and that if opportunity offered they would

soon make a place for themselves among the regular bank clerks.

However, the problem was rather more difficult than I had supposed at first, for women were almost as much in demand as men, and in most cases it was impossible to secure any but beginners; that is, girls entirely new to any kind of business or office work.

Out of many applicants a number of young women have been chosen, not so much for what they are as for what they seem to be able to grow into. Young and inexperienced they are being made by the rapid order of the times into efficient clerks.

At each new call of the draft, new



A Specimen New to History—The Woman Bank Clerk

This is only a few of the young women who are "doing their bit" in the Fourth and First National Bank, Nashville, Tenn. Several of them were so smart that they got away before the picture man came that day.



This picture shows the regular Saturday morning line-up at the Woman's Department of the Fourth and First National Bank. You will see there are women tellers and women depositors, the only exception being the big bank policeman, whose presence in the picture was simply to ornament it. The women really do not need his surveillance.

girls are employed. In fact, almost every day sees a new face. The cashier says the hardest part is when he has to tell some of them that he thinks they would find life easier in other fields. Then they reach for their handkerchiefs, and he for his hat. It is to be hoped that women will use up all of their tears during this world-war, and that the women of the future, if they have not sense enough to realize that they are not giving satisfaction, will have courage enough to be "fired" without distressing their kind-hearted employers. But really the tears only come from the girls who fail to make good, and there must always be failures among women as well as men. However, the majority of girls have stayed though it has not been easy for them. They are real soldiers and I am proud of them.

I have been a bit disappointed that so far it has taken almost three girls to do one man's work. I think, however, this is because the girls had had no business training. It takes time to develop a good clerk. And since women had had no idea of ever going into banks they had made no preparation whatever. In the course of two years I believe this will not be the case, and that then you will find the real woman

clerk doing her work as speedily and as accurately as a man. To be sure, women can't work so long at a stretch, and they can't hold up under night work; but I think it is not right to ask men to do such work either. I believe that in the past many men clerks have been overworked. After a season of life in the open, I am sure that our men will not go back to the old routine. I



The Head of the Funds-in-Transit Department

Miss Hortense Diggs has taken a man's job. For several years she had been assistant on this desk, and when big Irish "Red" Byrne, the funds man, was made a lieutenant in the Army, Miss Diggs, alias "Pinkie," was ready to take his place. She has an important position, and she's kept pretty busy, but she's always there and a good "man on the job."



The Evolution of Our Individual Books

**Truly the present is the time of quick changes** We feel that our bookkeeping department is a record-breaker. Once it was thought pretty good work if a first-class bookkeeper was made of a man in three years. Yet within the last six months eight young women have made of themselves fairly good bookkeepers. Of course, it is being done on machines, as shown in the picture; but, with one exception, none of the girls had ever operated a machine or kept books before. With one exception also none had had any experience in bank work. To be sure, there have been errors. It has been hard on the girls, and hard on the bank, but the troubles are in the past, and I am sure the old regime will not come back. By putting in the machine system with girl operators several of the older men, not subject to the draft, were released for places that could not well be filled with women.

believe the woman bank clerk has come to stay, and that anything done toward developing her or helping her to develop herself will be worth while.

In an article which will follow this one, I shall out of my own personal experience as a bank clerk, and my expe-

rience in training bank clerks since the war, and my knowledge of feminine human-nature learned from my work in the woman's department, tell something of what I think will help both women and banks to solve this problem. I do so want the women to make good. They must make good, for there's nobody else to do the work, and the country cannot exist without its banks.

I will just say this in closing: there are girls and girls. Some of them are bank-clerk material, some are not. This is true of men also, if you stop to think of it. So no one should be discouraged if two out of five taken on approval fail to make good.

This problem ought to be easier everywhere than down here in the South, where women are supposed to be chronic clinging-vines; yet you will see from the pictures that our vines are making very good support for the Fourth and First.

The stress of the times demands that women everywhere do what they never did before, and in this case they will rise equal to the task. With the help of electricity and modern machines women can do much that was once impossible. You big men just please be a little patient. Praise their good points, and speak lightly of their errors. Praise to them is as sunshine and warm rain to growing plants. It will pay in the long run.

The woman bank clerk is here to stay. Evolution is at work. The hands of the clock do not turn backward.



# Industrial Housing in War Time

By RALPH F. WARNER

**W**ITH the appropriation by Congress of fifty million dollars for the housing of workmen engaged in shipbuilding for the Emergency Fleet Corporation, and the organization of a bureau under the Department of Labor to direct the expenditures of additional millions for housing of munition workers, the interest of the whole country has been awakened in the important problems of town planning and industrial housing.

Hitherto but a small percentage of our people have given any thought to the opportunities for creating better standards of housing and town planning. Those who in the past have been most active in this direction see in the present crisis an opportunity for the Federal Government to create new and better housing for wage earners, by doing as England has done, building houses according to an organized programme, under the direction of experienced town planners and architects, and with an eye to the creation of permanent, attractive, and comfortable homes, at low rents. If this procedure is adopted, it promises vitally to affect the whole structure of our society and entirely change the status of the great mass of our wage-earning classes.

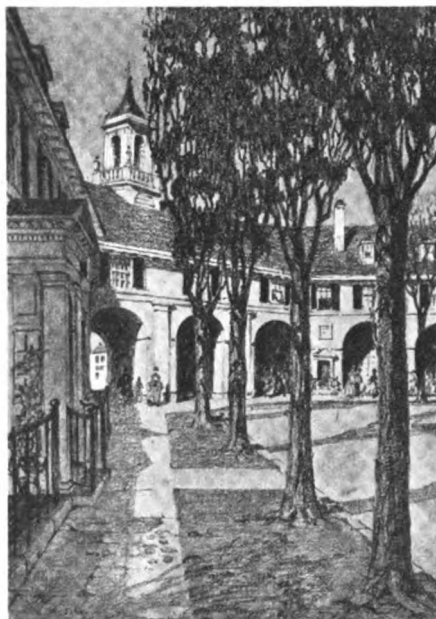
## PRE-WAR HOUSING EXPERIENCE ABROAD

In Europe, and particularly in England, great strides have been made in the last decade or two in this direction. Governmental loans, at low rates of interest, and for long terms of years for housing by societies of public utility, have been commonly granted by European Governments.

In England this background of experience in housing has been the impor-

tant contributing factor in starting the remarkable programme of house building for war workers which the British Government has undertaken, and which promises a new era in the housing of the great masses of her people.

The Boer War had demonstrated conclusively that living conditions in Eng-



View of Community Center, Showing Entrance Through Arched Ways to Yards of Fairbanks, Morse & Co.

land were such as to require immediate governmental action. In a call by the British Government for volunteers for the army of the Transvaal, over eighty per cent. of the candidates were rejected owing to their physical condition. Probably the people of England were

more shocked by this demonstration of the inadequacy of provisions for the protection of the home than by any other development at that time.

#### GARDEN CITY MOVEMENT IN ENGLAND

The ferment for better housing was given a great impetus when Ebenezer Howard, in 1902, published his epoch-making little book, called "The Garden City." The seed planted by Mr. Howard bore fruit in the establishment, about fifteen years ago, of the model city of Letchworth, thirty-four miles from London. The principles advocated by Mr. Howard were fully carried out at Letchworth. The Letchworth plan, following the garden city principle, covers some 34,000 acres and includes within its boundaries a business center surrounded by a community of homes, an industrial district, and an encircling area of farm land, owned by the Letchworth village, and rented to farmers who supply the town with farm products and food. The whole enterprise is coöperative; that is to say, the land and houses and stores are all owned by the community, which is a corporation issuing stock and paying regular dividends. Thus, the home owner has no direct interest in his home, except in so far as he is a part owner of the entire community.

#### PORT SUNLIGHT AND BOURNEVILLE

With the Letchworth enterprise two notable garden village developments,

one at Port Sunlight and the other at Bourneville undertaken at an earlier date, should be mentioned. Both of these villages are models of their kind. They are known throughout the world and visited by travelers from America and other countries. The industries established in these communities were formerly housed in Liverpool and Birmingham. The owners of these plants, realizing that better business, as well as more wholesome life for their employees, depended on relief from cramping conditions in the congested city, purchased land several miles from the city in rural sections and established ideal factories and residential towns.

#### HAMPSTEAD GARDEN SUBURBS

Following the establishment of Letchworth the movement for garden cities grew apace. The most striking development was the organization of a semi-philanthropic company for building a suburban cottage community, outside of London, under the leadership of the wife of the late Canon Barnett. Well-known philanthropists and leaders in the political life of England were represented on the board of directors of this company, known as the Hampstead Garden Suburb Corporation. The plan was drafted by Raymond Unwin, one of the most experienced town planners, who had previously laid out Letchworth, and houses were built by some of England's most talented architects. Hampstead was the first of a score of semi-



Government Housing Scheme, Well Hall, Woolwich, 1915. View of Gilborne Way Looking West



Government Housing Scheme, Well Hall, Woolwich, 1915. Lovelace Green Looking North

philanthropic housing enterprises of the garden city type, most of which were coöperatively managed.

#### ENGLISH WAR HOUSING

Thus, with the background of pre-war experience in housing, England entered the great struggle for democracy, and has demonstrated how well she has learned that good homes, among all other provision for physical welfare of her people, determine the success of her industrial enterprise, and hence the successful prosecution of the war.

#### PERMANENT HOUSES FOUND TO BE MOST ECONOMICAL

England has spent no less than \$700,000,000 in the last three years in providing homes built directly or indirectly with Government funds for housing munitions workers. Her experience at first was similar to our own. There was a great outcry for temporary buildings. It was affirmed that the war would be short, that the money was needed for munitions and that therefore any type of temporary building would suffice. But in a few months the wiser and more experienced administrators recognized that the cost of temporary buildings was only slightly less than the cost of permanent construction, since in both cases it was necessary to provide sewers, water supply, paved roads, and other necessities of community life. In the first case the loss at the termination

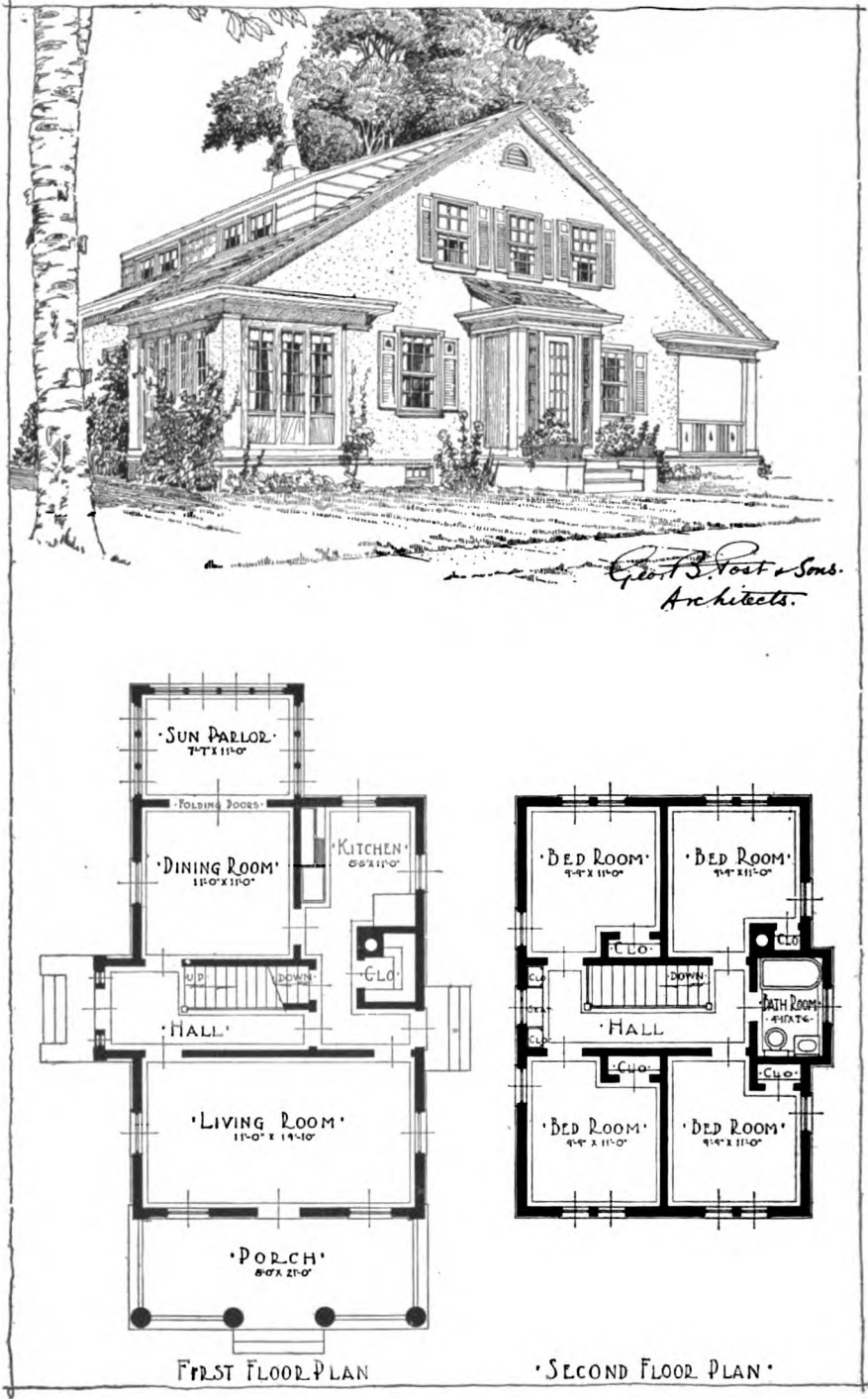
of the war would be total, since the buildings were not designed for any long period of service. In the second case, the Government had a permanent asset in livable, attractive and durable structures, which could be made a basis for housing around permanent industries in the years succeeding the war.

#### WELL HALL—AN ENGLISH WAR TOWN

Herewith are shown illustrations of Well Hall, serving the arsenal at Woolwich, one of the most remarkable of these war towns. Even the most experienced can hardly distinguish the town from an old and well-established community, so charming is the general plan, so pleasing the architectural treatment of the buildings, and so complete are the roadways, parks, lawns and other facilities. This town is one of a score of remarkable war time developments. It is the strongest argument for our Government treating the housing of employees not on a temporary make-shift plan, but on a basis that would insure the permanency of normal and attractive living conditions.

#### PRE-WAR HOUSING IN AMERICA

In America a survey of the housing situation prior to the war reveals generally a condition of apathy on the part of the public and the industrial employer with respect to the housing of working people. The influx of over one million immigrants each year af-



Seven-Room Stucco House, with Sun Parlor. Eclipse Park Development, Beloit, Wis.

forded a reservoir from which labor could be drafted in any required volume. While many of these immigrants were skilled a large proportion were unskilled, but the competition for employment was keen enough to make the employer quite independent of the problem of holding his labor by the building of attractive houses.

The United States Steel Corporation has taken a leading part in this up-building work. Unfortunately, not all of the efforts of this company in providing homes have been uniformly successful. The first great undertaking at Gary, Indiana, on the Lake Michigan waterfront, about fifty miles from Chicago, was a town designed for about ten thousand inhabitants. None of the desirable features which modern city planning recognizes were incorporated in this plan, and no breadth of vision was shown with respect to the future needs of the community. The result has been that the city has grown without any direction to meet the urgent needs for expansion.

But there are other towns, laid out by the United States Steel Corporation, such as Fairfield, Ojibway, McDonald, Morgan Park, etc., which have been laid out with more consideration for the social and recreational needs of the people, and with consideration to the economy of street platting and land subdivision.

There are many other interesting housing developments, which have been laid out by industrial concerns, some before the war, others since, the most important of which are:

Akron, Ohio—Goodyear Heights, Goodyear Tire & Rubber Company; Firestone Park, Firestone Tire & Rubber Company.

Allwood, N. J.—Brighton Mills.

Beloit, Wis.—Eclipse Park, Fairbanks, Morse & Company.

Bridgeport, Conn.—Fairfield and Lordship developments; Bridgeport Housing Company; Remington Arms Company.

Coatesville, Pa.—Midvale Steel Company.

Danielson, Conn.—Danielson Mills.

Flint, Mich.—Board of Trade enterprise.

Jeanette, Pa.—Pennsylvania Rubber Company.

Kistler, Pa.—Mount Union Refractories Company.

Kenosha, Wis.—Kenosha Homes Company.

Kohler, Wis.—Kohler Company.

Marcus Hook, Pa.—American Viscose Company.

Midland, Pa.—Pittsburgh Crucible Steel Company.

Riverdale, N. Y.—Rome Brass & Copper Company.

Waterbury, Conn.—American Brass Company; Chase Metal Works; Scovill Manufacturing Company.

Walpole, Mass.—Bird & Son.

Worcester, Mass.—Norton Grinding Company; Indian Hill.

Youngstown, Ohio—Loveland Farms; Youngstown Sheet & Tube Company.

#### ECLIPSE PARK, BELOIT, WIS.

One of the most recent and striking examples of industrial housing, undertaken by a manufacturing concern to provide dwellings for its employees, is the project known as Eclipse Park, financed by Fairbanks, Morse & Company, manufacturers of internal combustion engines and steam pumps, at Beloit, Wis. The entire scheme was laid out in advance by Geo. B. Post & Sons, architects and town planners of New York. It includes a comprehensive town plan, laid out on a tract of fifty-three acres, and providing sites for 350 houses, community buildings, stores, motion picture theatre, schools, churches, and the like.

#### INCREASED INDUSTRIAL ACTIVITY IN AMERICA DUE TO THE WAR

Prior to the entrance of the United States into the war, and between the outbreak of the war in August, 1914, and May, 1917, the influx of foreign labor had been practically cut off by the uncertainties of travel, and the drafting



Government Housing Scheme, Well Hall, Woolwich, 1915. Congreve Road (Boughton Road Crossing) Looking South

of labor in foreign countries engaged in the conflict.

This situation, coupled with the tremendous increase in the volume of industrial productivity of America, created a labor condition unique in the history of America's industrial life. Factories sprung up in towns which had hitherto been but rural communities. New towns were created. Communities which had enjoyed a normal industrial activity prior to the war became beehives of industry and underwent unprecedented expansion. Labor was drafted from farms, small rural communities, and from every available source to supply the needs of the munitions manufacturers.

#### PRESSING NEED OF HOUSES FOR INDUSTRIES ON WAR WORK

To-day we find the whole country stirred by the need of houses around munitions plants and shipyards. The famine in houses threatens the successful prosecution of the war by a diminution in the volume of the output from factories and shipyards. Aside from this fact, the manufacturer is suffering serious losses through the tremendous increase in labor turnover.

#### APPROPRIATIONS FOR HOUSING SHIPBUILDERS AND MUNITION WORKERS

To meet this situation, particularly as it affects the production of ships, Con-

gress has appropriated fifty million dollars. This sum is now being expended by the Director of Housing of the United States Shipping Board, J. Roger Flannery, on housing for shipbuilders at Hog Island, Camden, Staten Island, and many other points where ships are being turned out.

An additional sixty million dollars will be available upon the passage of a bill now before Congress. This money will be expended under the direction of Otto M. Eidlitz, a prominent builder of New York city, who is serving as chairman of the Interdepartmental Committee on Housing of the United States Department of Labor, for housing around plants making munitions of war.

With ample funds to carry on their work, with capable and efficient administrators in charge, and experienced and talented architects and town planners to assist in the work, the two central committees having the country's war housing in charge are now well started in the work of relieving the pressing house famine.

Every indication points to their meeting the great need, not only promptly and efficiently, but in a manner that will do much to promote standards of design, economy and convenience in the building of wage earners' homes in this country.

# The Banker and the War

By DAVID R. FORGAN, President National City Bank, Chicago

EVERY nation has three lines of defense. They may be called Wisdom, Might and Money! When Wisdom has failed, through diplomatic means, to settle a difficulty with another country the relations with that country are broken off, and recourse is had to the second line of defense—Might, the Might of the manhood of the nation. This resource of the nation, however willing or patriotic, cannot make a single move without the support of the third line—Money. To wage war on the modern scale, enormous sums of money must be raised by any first-class nation engaged in the conflict.

War is a great test of character. This nation is being tested now. We failed in our Wisdom. Our diplomacy which was exercised for the purpose of keeping us out of the Great World War failed of its object. It failed because of the unscrupulous character of the enemy. But we have not failed in our second line of defense. Already we have an army in France, and 1,500,000 of our bravest and best, earnestly training for what lies before them, and anxious to be there. We have not failed in our manhood.

The question now is, are we going to fail in our third line of defense—Money? We have not failed so far. The largest single loan ever put out by this nation before the present war was \$198,000,000 for the Spanish-American War and now we have successfully put through two liberty loans—the first of \$3,000,000,000 and the second of \$4,600,000,000, while a third loan of even greater proportions has now to be undertaken.\*

## HOW THE SINEWS OF WAR ARE PROVIDED

When this war started financiers were generally of the opinion that it could not be waged on the modern scale for more than six months, or possibly a year. But here we are, in the fourth year of the war, and there seems to be no sign of it coming to an end from financial exhaustion. The question naturally arises—Where does all of the money come from to be loaned in such enormous sums to the various governments engaged in the war? An answer to this question puzzles many minds. The answer, however, is simple enough. The money does not come from anywhere. It is not a money transaction. It is a credit transaction. Unfortunately the terms of credit are stated and measured by terms of money. We bankers constantly speak of loaning money to our customers, whereas we really loan them the bank's credit. For example: When a customer's note for \$1,000 is discounted by a bank and the proceeds placed to the customer's credit, that bank's loans and that bank's deposits are immediately increased by \$1,000, but there is not a dollar more or less in the bank than before the customer offered his note. The bank, without the use of any money whatever, has created a credit of \$1,000, which serves the purpose of money to the borrower. What the bank's customer does on a small scale, the Government is doing on an enormous scale. The bank-customer's note is only a scrap of paper, but it represents the property, the character and the honor of the maker. A Government Bond costs only the engraver's bill to produce, but it stands for all the taxable property, the character and the honor of the American people. But there will be neither

\*Since the above was written the Third Liberty Loan has been successfully placed.

more nor less money in the country after the next Government Loan has been floated than there is today.

The modern credit system deals in a kind of element closely allied to water. This is why we talk of liquid assets or the floating of a loan. The modern credit system may, therefore, be likened to a sea on which there are already afloat many credit craft. All national debts, all international trade balances, all the stocks and bonds dealt in on all the stock exchanges of the world, all bank loans, all bank deposits, all paper money, all bills and accounts receivable or payable—all of these may be said to be vessels already afloat on this sea of credit. The question, therefore, is not where does the money come from, but is there still room in this sea of credit for another vessel of tremendous proportions? If there is, it may be safely floated. And the question which every corporation and every individual should therefore ask is not, "Do we have the money to buy Liberty Bonds?" but rather, "How many can we buy by using our credit in coöperation with the banks?"

Now the credit system is in the hands of the bankers—public and private. Just as production is in the hands of the farmer, the miner and the manufacturer—just as transportation is in the hands of the railroad man, so credit is in control of the banker. In war time this is a heavy responsibility. As a whole, bankers—chartered and private—have so far stood the test splendidly. And whereas the farmer and manufacturer are being allowed at least double their normal profits for anything they do for the Government, the bankers have given their time, their organizations and their best efforts to providing the Government with Credit, not only without any remuneration, but at considerable expense and loss. While this is unfair, and quite at variance with the practice of our Allies, it is all the more honor to American bankers.

#### DUTY OF BANKS AND THE PEOPLE TO AID THE GOVERNMENT

But with or without remuneration it is the duty of all banks and bankers to

devote their resources and bend their energies to the utmost in floating these enormous Government loans. And this must be done without undue restriction of credit to their ordinary customers so that general business may be active and profitable as a basis for the sound financial conditions which must prevail if the war is to be won. You cannot float huge Government loans on a psychology of gloom. What is needed is the most extensive coöperation between the public and the banks. The banks cannot do it alone. The public aided by the banks must take the greater part of the bonds. If they do not, the banks will be compelled to take them. But should that happen, commercial credit would have to be so curtailed that the public would suffer greater inconvenience and much greater loss than if they took the bonds in coöperation with the banks. The undertaking is a mutual one. To the extent that the banker induces his customer to buy bonds, the banks will be relieved from taking them and to the same extent will they be able to continue commercial credits to their borrowing customers.

In accomplishing these great tasks which lie before them, banks will be forced to great expansion—inflation, if you like—of credit. With costs doubled, business cannot be maintained, and the Government supplied with additional billions without great expansion of credit. In a word, the war will be lost, and all will be lost, unless we find the means for tremendous expansion and are willing to use them. These means, thank God (I say it reverently), are ready to hand. The Federal Reserve System, adopted since the war broke out, provides ample means. Can any broker imagine where we would be now without the Federal Reserve Banks? Can any one imagine floating a five or six billion Liberty Loan on a suspended banking system? *Then let us not only thank God for the means—but let us not be afraid to use them. One of the hardest dying prejudices among bankers is against showing rediscunts or bills payable. It is dead in the centers, but still very much alive in the country towns. It must be overcome if the*

*country banker is to do his full share in support of the Government. Instead of a subject for criticism, it should be a badge of honor to show rediscounts, or bills payable in connection with the floating of the Liberty Loans.*

Business is never the most important thing in life. It should never be more than the means to an end. The all-important thing now is to win the war. All business must be subordinated to that end. The banker's duty is clear. He must give himself, his bank, his influence, his credit to the country's cause. His part can never be as glorious as

that of the soldier who offers his all, but it is splendidly practical and patriotic, for without it the soldier's heroism would be in vain. Fellow bankers, this is no time to take counsel of timid prejudices. We must go forward boldly with broadened minds and enlarged vision if we are to carry our share of the great task which confronts our country and its Allies—the task of destroying the spirit of autocracy, conquest and oppression and establishing on lasting foundations self-government, justice and liberty.

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## Improving the Situation of the Savings Banks

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By HENRY A. THEIS, Vice-President and Manager The Franklin Society, New York

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THE position of the mutual savings banks in the present financial and economic situation, when security prices are lower than they have been in years, when deposits are falling off, and when the banks may be called upon to meet large amounts in withdrawals because of the offerings of Liberty Bonds, is most important. This is recognized by including such institutions in the provisions of the War Finance Corporation. The assistance offered by the War Finance Corporation is, of course, an emergency remedy. It would be much better if a remedy working automatically could be found.

This is not the first time these institutions have faced the problems of withdrawals exceeding deposits at a time when bond prices are down, with difficulty in finding a market for these

bonds even at great sacrifice prices and loss to the banks.

In your editorial on "Savings Banks and the Federal Reserve System," in the May issue, you suggested making bankers acceptances legal investments. Although this would trespass on the traditions of at least the eastern mutual savings banks and would open up a new and untried field, something which executives of savings banks have shunned, there is little doubt that careful purchases of such acceptances would furnish a measure of relief.

### AMORTIZATION OF MORTGAGES

There seems to be, however, open to the savings banks a remedy of wider scope. Approximately sixty per cent. of the assets of savings banks are mortgages. They are so-called straight or

permanent mortgages. If these mortgages were amortizing mortgages instead, there would be a steady influx of cash in the form of amortization payments. These amortization payments would probably be made semi-annually. At the time of making mortgage loans they could be so arranged that an equal amount of cash would come in monthly. Then if a situation arose, as at present, when withdrawals are apt to exceed deposits, a bank could stop making loans and the amortization payments would go a great way towards paying the excess withdrawals if not meeting them altogether. The bank's finances would not be disturbed, nor would a savings bank with assets so arranged add its burden to the strain usually carried at such times by the commercial banks.

It would seem that these amortization payments, supplemented perhaps by thirty, sixty or ninety-day acceptances, would in some cases be sufficient to meet the situation, except in an emergency such as a sudden and long continued run. Runs, however, hardly ever occur except in isolated cases. They can usually be remedied by other banks coming to the rescue. In times like these, when all savings banks are affected alike by the possibility of an excess of withdrawals over deposits, the situation is not without danger unless the banks themselves have self-liquidating assets.

#### AN EXPERIENCE CITED.

As savings institutions in New York city go, ours is a small one, though we are the largest of our kind in the city. Our assets are about three million dollars, mostly in amortizing mortgages. Our experience in the present situation might be of interest to those who have

given thought to savings bank problems.

Our amortization payments are made to us monthly. A mortgage pays itself out in 139 months. In the summer of 1917 our estimate of the probable receipts on savings accounts during the fall was too large. We committed ourselves to make loans based on our estimate. To complete these loans, our actual receipts having been less than the estimate, we had to borrow money from our bank and at the end of 1917 we owed the bank \$125,000. During ordinary times this would have been good business, but in view of the unprecedented situation this position of ours was not desirable. To be on the safe side we should have had a cash surplus instead of being overloaned, and that was the position we knew we must attain. We stopped accepting applications for mortgage loans. By April 1, 1918, a small increase in savings receipts over withdrawals and the amortizing payments on our mortgages had paid off all our borrowed money. We were beginning to pile up a cash surplus and had not called a mortgage or sold a single security.

If the situation should tighten still further, so that instead of the savings receipts exceeding the withdrawals, the withdrawals should exceed the savings receipts, we could still pay these withdrawals up to a certain point without calling a mortgage or selling a bond. Our assets are being repaid to us in a steady stream of cash, so that if need be we can with these receipts pay our obligations without disturbing the economic or financial position. At the time of writing this, in the middle of May, our cash condition is such that we are again able to consider a few loans, due entirely to the installment payments on our mortgages.



# International Banking and Finance

SPECIAL

**THE BANKERS  
MAGAZINE**

SECTION



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To secure more highly specialized relations with Great Britain, the Irving has entered into a reciprocal working arrangement with the London Provincial and South Western Bank, Limited. An American department will be established in the London Provincial and South Western and an English department in the Irving.

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**CAPITAL, SURPLUS AND UNDIVIDED PROFITS OVER \$45,000,000**

## Prosperous Year for Standard Bank of South Africa



New York Office Standard Bank of South Africa, Limited

THE last annual report of the Standard Bank of South Africa, which has just come to hand, shows a substantial gain in net profits as compared with the preceding year, while there is a marked falling off in the sum required to meet depreciation of securities. Both deposits and note circulation show a considerable increase, while the amount carried forward is larger than in any of the preceding five years, and more than twice that of 1916. Dividends earned and paid are also above any reported for this period.

Such a favorable report indicates that the Standard Bank of South Africa is wisely expanding its business to meet the growth of trade and is deriving a fair profit from this policy. Herewith will be found a comparison of recent balance-sheets, showing details of the bank's growth.

Net profits of the Standard Bank of South Africa, which for 1916 were £364,824, rose last year to £406,712, equal to 26.27 per cent. on the capital. The dividend of 14 per cent. was the same as for the previous four years, but in addition a bonus of 1s. 4d. a share was paid in respect of 1917, making a total distribution of 15 1/3 per cent. for the

# U. S. Army or Navy

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Letters of Credit are the safest and most convenient medium for carrying funds.

During the war we are issuing such Credits, *free of commission*, to officers and men in the U. S. Army and Navy, and to those engaged in Red Cross or Y. M. C. A. work.

*We have also sent our American representative to France for the convenience of our friends, with headquarters at the office of the Credit Commercial de France, 20 Rue Lafayette, Paris.*

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### COMPARATIVE BALANCE-SHEETS, STANDARD BANK OF SOUTH AFRICA

LIABILITIES	Dec. 31—1917	1916	1915	1914	1913
Capital .....	£1,548,525	£1,548,525	£1,548,525	£1,548,525	£1,548,525
Reserve .....	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Note circulation .....	2,155,683	1,559,011	1,284,897	1,121,025	1,119,132
Acceptances .....	1,228,236	1,327,161	993,881	1,036,313	1,262,958
Deposits .....	32,981,024	25,390,823	24,608,279	21,821,853	20,952,674
Bills receivable .....	3,953,431	3,128,030	2,347,460	2,407,370	2,572,682
Profit balance .....	363,377	238,459	215,429	228,837	170,489
<b>ASSETS</b>					
Cash in hand .....	4,709,130	3,767,965	4,686,292	3,785,625	4,491,918
Cash at bankers and at call, etc. ....	3,115,219	2,400,891	2,525,733	3,215,148	973,756
Remittances <i>in transitu</i> ..	916,285	864,473	771,898	689,362	687,470
<b>Total cash</b> .....	<b>8,740,634</b>	<b>7,033,329</b>	<b>7,983,923</b>	<b>7,690,135</b>	<b>6,153,144</b>
Investments .....	3,767,354	3,679,692	4,337,058	2,949,131	2,650,242
Bills of exchange .....	7,865,096	4,479,611	3,144,737	2,136,497	4,637,064
Bills discounted and advances, etc. ....	19,309,499	16,322,396	14,616,948	14,413,462	13,062,915
Bills for collection .....	3,953,431	3,128,030	2,347,460	2,407,370	2,572,682
Bank premises, etc. ....	594,262	548,951	568,345	567,328	550,413
<b>Total</b> .....	<b>£44,230,276</b>	<b>£35,192,009</b>	<b>£32,998,471</b>	<b>£30,163,923</b>	<b>£29,626,460</b>

year. Special allocations have been reduced from £135,000 to £65,000, owing to reduction of amount required for depreciation in investments, and the sum carried forward to the current year is £204,333, against £100,062 a year ago.

While the total distribution for 1917 is still considerably below the rate of 18 per cent., tax free, paid in 1904, the net profit for 1917 was unprecedented. For the year 1914 the net profit was equal to 19 per cent. upon the capital, but

**The  
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of Boston  
Foreign Banking**



**Capital . . \$10,000,000**  
**Surplus . . 7,000,000**  
**Undivided Profits 2,100,000**

Complete service to banks throughout the country in all branches of Domestic and Foreign business.

Commercial and Travelers' Letters of Credit; Collection of Foreign Drafts. Foreign Exchange and Cable Transfers purchased and sold.

**CORRESPONDENCE INVITED**

Year to Dec. 31	Net Profits £	Dividend			Special Allocations £	Carried Forward £
		Earned %	—Subject to Tax— Paid—			
			%	£		
1917 .....	406,712	26.27	15 1/8	237,441	65,000	204,333
1916 .....	364,824	23.55	14	216,794	135,000	100,062
1915 .....	309,385	20.41	14	216,794	106,000	87,032
1914 .....	315,142	19.97	14	216,794	50,000	100,441
1913 .....	338,648	21.86	14	216,794	120,000	52,093
1912 .....	311,653	20.12	13 1/2	209,051	100,000	50,239

now it will be seen from the appended statement of recent profits and dividends earned and paid that profits are being paid out in dividends on quite a conservative basis.

As presented at the one-hundred and fifth ordinary meeting of proprietors, held at the head office in London April 24, report of the directors gave the following information:

	£	s.	d.
Including the individual balance of £100,061 17s. 5d. brought forward at 31st December, 1916; the balance of profits for the year, after payment of all expenses, making provision for all bad and doubtful debts, and rebating current bills, is.....	506,773	17	2
Out of this an interim dividend at the rate of 14 per cent. per annum for the half year ended 30th June, 1917, was paid on 26th October, last, amounting to .....	108,396	15	0
	<u>398,377</u>	<u>2</u>	<u>2</u>
From which has been appropriated:			
To bank premises account.....	25,000	0	0
To write down investments, to cover depreciation in value at 31st December, 1917.....	10,000	0	0
	<u>35,000</u>	<u>0</u>	<u>0</u>
Leaving available .....	363,377	2	2
Which the directors recommended to be disposed as follows:			
To officers pension fund.....	30,000	0	0
To dividend of 7 s. per share on 309,705 shares (being at the rate of 14 per cent. per annum), subject to income tax, making a total distribution for the year at the rate of 14 per cent.....	108,396	15	0
To bonus of 1s. 4d. per share, subject to income tax..	20,647	0	0
	<u>159,043</u>	<u>15</u>	<u>0</u>
Balance to be carried forward to next account.....	204,333	7	2

# ***The First National Bank of Chicago***

welcomes and appreciates the accounts of banks and bankers. Its extensive clientele, developed during more than fifty years of consistent, considerate service, is splendid endorsement of the agreeable and satisfactory relations maintained with correspondents.

**Capital and Surplus, \$22,000,000**

**JAMES B. FORGAN**  
*Chairman of the Board*

**F. O. WETMORE**  
*President*

In accordance with the articles of association, two of the directors, viz., Horace Peel, Esq., and William Smart, Esq., retire from office at this meeting, and, being eligible, offer themselves for reelection.

Sir Wm. B. Peat, F. C. A., and A. Turquand Young, F. C. A., the auditors of the company, likewise retire from office, and, being eligible, offer themselves for reelection.

The head office of the Standard Bank of South Africa is at 10 Clements Lane, London. It has a network of branches throughout South Africa. A New York agency is maintained at 68 Wall street, in charge of W. H. Macintyre, agent, and Charles MacKay, chief accountant.



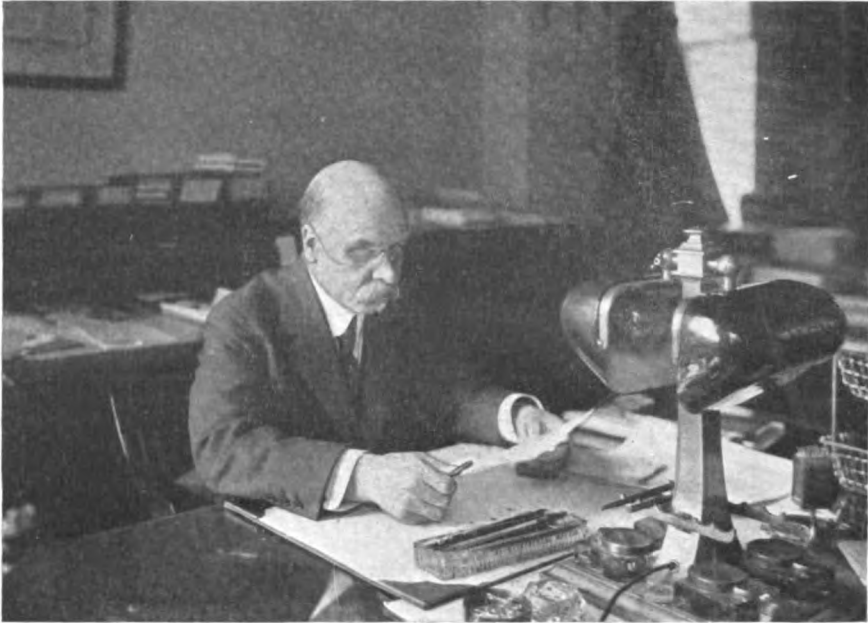
## **Report on Production and Exchange**

**A**S a part of the service rendered to its customers the National Bank of South Africa, Limited, sends out a

circular giving a first-hand account of the condition of production and exchange. The report deals with a number of commodities that are in excep-



London Office National Bank of South Africa, Ltd.



JOHN CONE, ESQ.

Agent Anglo-South American Bank, Limited, at his desk in the bank's office, 60 Wall Street, New York

tional demand just now, and is therefore specially timely.

Referring to the wool situation the report says that while stocks are sufficient for present requirements, shipments cannot be continued on the same scale maintained in the first six months of July, and that it is not improbable that they may be suspended for a period.

The head office of the National Bank of South Africa, Limited, is at Pretoria. It has offices in New York and London, and over 300 branches. The New York Agency is at 10 Wall street, in charge of R. E. Saunders, Esq.



## A New Banking Arrangement

**T**HE Anglo-South American Bank, Ltd., recently entered into an arrangement with Messrs. Williams Deacons' Bank and the London and Brazilian Bank, Ltd., which it is believed will have far-reaching results in fostering and increasing British trade with the continent of South America.

The plan provides for the establish-

ment of agencies of the Anglo-South American Bank, Ltd., and the London and Brazilian Bank, Ltd., at the Mosley street office of Williams Deacons' Bank and a special shipping, exchange and agency department of the last named has been opened for this class of business. Representation of the two South American banks are in daily attendance at Mosley street where all enquiries and business connected with Central and South America will be attended to. The Anglo-South American Bank, Ltd., with its chain of branches in Chile, Argentina and Uruguay, and also its three branches in Spain and its Paris office, and the London and Brazilian Bank with its branches in Brazil and Portugal will be able to assist the Manchester business men who have very large connections in these countries to develop their business as Williams Deacons' Bank is to make advances upon shipping documents which will result in the saving of two days hitherto devoted to sending those documents to London and receiving back the proceeds to Manchester—besides, acceptances will be given in Manchester and direct banking

facilities will be provided between all branches of the three institutions.

Although the London and Brazilian Bank, Ltd., have extensive interests and many branches in Argentina the arrangement has been so made that the Argentine business resulting from the new plan will be as nearly as possible equally divided between the two South American banks by Messrs. Williams Deacons' Bank, and moreover will be so divided that no house will be confined exclusively to one or other of the institutions concerned.

It is fully expected that the arrangement will build up an exceptionally strong international position and also be the means of enabling the merchants in Lancashire greatly to extend their business.

The Anglo-South American Bank has also purchased a controlling interest in the Commercial Bank of Spanish America, which has a large business in the Central States of America, so that now the Anglo-South American Bank is able to transact business all over the Continent from Punta Arenas, the most southern town in Chile, to Bogota in Colombia.



## Regulation of the Italian Exchange

**A** PLAN for regulating the value of Italian lira in foreign markets has been put into operation, according to the "Monthly Financial Report," published by Lloyds Bank, London. The April issue of this publication says:

As was the case in February, the chief interest in connection with the foreign exchange market has been the fluctuations that have occurred in the value of the lira. At one time at the beginning of the month the lira was dealt in in London as high as 42.80, as compared with a parity of 25.22½.

It is known that the matter has received the serious attention of the Italian Government, which, after serious consideration for some time past, decided upon the formation of a new central exchange institution, which started operations on March 11. The title of the new bank is the *Institute Nazionale di Cambio*, and its personnel and staff have been drawn from the principal Italian banks.



## Advice to Investors

Purchase your securities through responsible dealers who have proper facilities for investigations and a reputation to maintain for reliable advice.

K. N. & K. are always posted on general market conditions, and their views are at the disposal of investors through their monthly review of

*"The Investment Situation"*

Write for pamphlet L-I

## Knauth · Nachod & Kuhne

*Members of New York Stock Exchange.*

**Equitable Building,  
NEW YORK CITY.**

Under the new scheme all transactions in foreign exchange in Italy come under the control of an exchange committee, composed of bankers and Government officials, though it is understood that the work is being left mainly to the bankers, thus avoiding any red tape that might otherwise occur, and ensuring smooth working of the organization. The object of the control is to stop speculation and the consequent violent fluctuations that have recently been occurring in the value of the lira, and to limit transactions in exchange to essential purposes. All exports from Italy now have to be made subject to payment in the currency of the importing nation, including sterling, French and Swiss francs, dollars, pesetas, and the Argentine peso.

Certain banks have been appointed agents of the new institution at all the leading monetary centres, and, although the whole arrangement is still in a more or less experimental stage it is expected to have the effect of improving the position. At one time, as stated, the lira was dealt in in London at 42.80, but it improved in anticipation of the new scheme coming into operation. The institution is to fix rates from time to time according to supply and demand. The rate fixed for the first week was 41.13½ for sterling and 151¼ for francs.

# London and River Plate Bank, Limited.

HEAD OFFICE: 7 PRINCES STREET, E.C., LONDON.

Paris Branch: 16 Rue Halevy.

Antwerp Branch: Temporarily in London.

	(\$=£1.)
CAPITAL (Authorized) - - - - -	\$20,000,000
SUBSCRIBED CAPITAL - - - - -	15,000,000
PAID-UP CAPITAL - - - - -	8,000,000
RESERVE FUND - - - - -	10,000,000

## DIRECTORS.

E. ROSS DUFFIELD, Esq., *Chairman*  
The Hon. HUGO BARING.  
WILLIAM T. BRAND, Esq.  
JOHN G. GRIFFITHS, Esq., M.V.O.

ROBERT A. THURBURN, Esq., *Managing Director*  
KENNETH MATHIESON, Esq.  
HERMAN B. SIM, Esq.  
DAVID SIMSON, Esq.

## LONDON BANKERS.

BANK OF ENGLAND.

LONDON COUNTY WESTMINSTER AND PARR'S BANK, LTD.

## BRANCHES IN SOUTH AMERICA:

BRAZIL:—Para, Pernambuco, Rio de Janeiro, Santos, Sao Paulo, Bahia, Curitiba, Victoria, also an agency at Manaus. URUGUAY:—Montevideo, Montevideo Sub-Agency, Paysandu and Salto.

ARGENTINA:—Buenos Aires, Rosario de Santa Fe, Mendoza, Bahia Blanca, Concordia, Tucuman, Cordoba, Parana. Also in Buenos Aires:—Barracas al Norte, Once, Boca, Calle Santa Fe 2122 and Calle B. de Irigoyen 1138. CHILE:—Valparaiso, Santiago.

Correspondents in all other places of importance in these South American Countries.

Documentary Bills Bought, Advanced Upon or Received for Collection.  
Drafts and Cable Transfers Sold on all Branches and Agencies.

Commercial and Travelers Letters of Credit Issued.

New York Agency . . . 51 Wall Street,

W. R. ROBBINS, AGENT.

At the end of the month the buying rate for sterling was fixed at 41.07 and the selling rate at 41.19½, the Paris rate at 151.50 per hundred francs, the Swiss rate at 199.15 per hundred francs, and the New York rate at 8.66¼ per dollar.



## Bank of England Promotes Chief Cashier

THE directors of the Bank of England announce the creation of a new post to be known as "Comptroller of the Bank," and the appointment to the new position of Sir Gordon Nairne, chief cashier of the bank.

Financial writers regard this as one of the most important developments in the bank in many years and as tending to modernize the institution. It is predicted that the change will be welcomed in financial quarters generally and the choice of Sir Gordon Nairne is regarded as an excellent one. The new official will be equivalent to a general manager, and it is said the positions of governor

and deputy governor will not be affected.

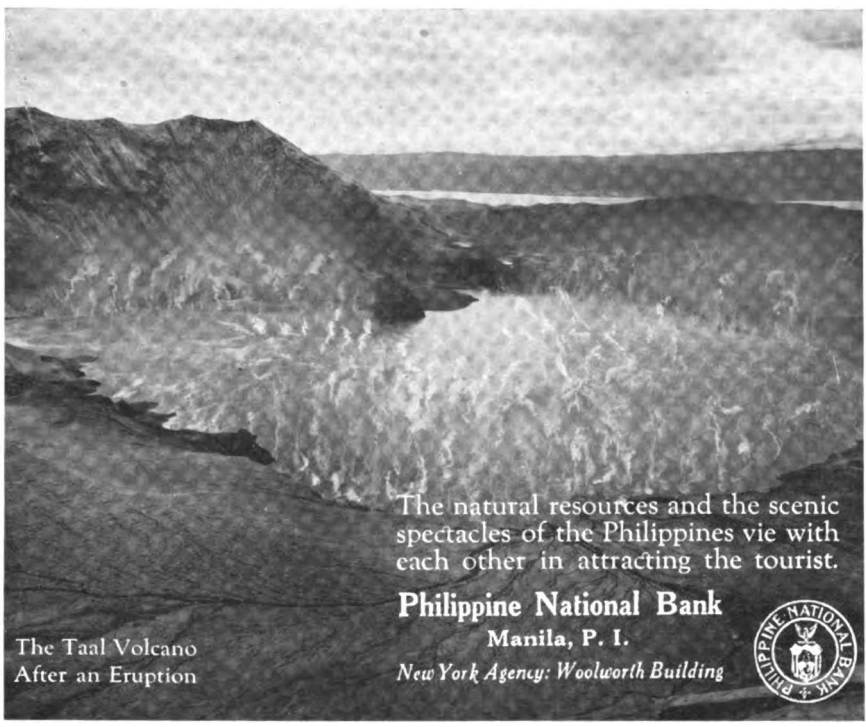


## British Chambers of Commerce on Recent Bank Mergers

FOLLOWING a vigorous defense of recent bank mergers made by Sir Edward Holden, general manager of the London City and Midland Bank, the Associated Chambers of the United Kingdom recently adopted the following resolution offered by Sir Edward:

"That this association recognizes the need for powerful British banks with resources adequate for the demands of our home and foreign trade, but considers that the Board of Trade should be empowered to guard against amalgamations or agreements or working arrangements between banks which can be shown to be injurious to commercial interests."


Discussing the effect of banking mer-



The natural resources and the scenic spectacles of the Philippines vie with each other in attracting the tourist.

**Philippine National Bank**  
Manila, P. I.  
*New York Agency: Woolworth Building*

The Taal Volcano  
After an Eruption



gers, Sir Edward said that the experience of Lancashire, from which county a great deal of adverse criticism had come, was that the incoming of the so-called "big" banks of London had been to give Lancashire more money than it could have got from the local financial institutions. In one town, for instance, where such an institution had been taken over by a London bank, the advances had been as much as four times greater than the local bank had ever made, and the same was true of other towns. The fact was, he said, that Lancashire had had money simply poured into it by London banks whenever they wanted it, and as a consequence, the Lancashire industries had benefited by this assistance to a far greater degree than would have been possible if they had been dependent upon the local banks. The London banks could not have rendered that assistance so largely if they were not "big" banks, and therefore in a posi-

tion to command large resources, and transfer them to those parts of the country where they could be profitably employed. But this was more than a London or a provincial question, he added. It was part of a great national question.

He thought that the large banks were best fitted to care for the manufacturing interests of the country and to meet the heavy demands for gold for export which he regarded as certain to arise after the war.



## Growth of Banking in the United Kingdom

THE April number of the London "Bankers Magazine" contains an installment of the annual review of banking in the United Kingdom. This is the twenty-fourth year during which Sir R. H. Inglis Palgrave, the distin-

# The Union Bank of Manchester, Limited

Head Office  
17 York St., Manchester, Eng.

Liverpool Office  
45 Castle St., Liverpool, Eng.

and branches covering the whole of the district tributary to these two cities, and also WEST YORKSHIRE; including LEEDS, SHEFFIELD, BRADFORD, SALFORD, BIRKENHEAD, (OLDHAM, BOLTON, BURY, ROCHDALE, STOCKPORT, HALIFAX (ENG.), HUDDERSFIELD, etc., etc.

Nominal Capital	.	.	\$12,500,000
Paid-up Capital	-	.	3,125,000
Reserve Capital	.	.	3,500,000
Subscribed Capital	.	.	6,250,000
Reserves	.	.	1,977,235
Surplus over Liabilities	.	.	8,227,235

Bankers in the United States and Canada are invited to make use of the Bank's services for all kinds of banking business in the district where the Bank operates, and in Great Britain generally. Collections promptly dealt with, and proceeds remitted by draft or cable transfer on New York, or as desired. Favorable terms.

*North American Mails are usually delivered in Manchester and Liverpool earlier than in London.*

guished financial authority, has undertaken this work.

While the number of banks in the United Kingdom has decreased from 159 in 1893 to 65 in 1917, the capital and reserves have slightly increased, and deposits have grown enormously. The accompanying figures present the changes.

In 1893:

Capitals	£84,459,000
Reserves	38,000,000
Deposits	679,456,000

In 1917:

Capitals	£87,542,607
Reserves	50,709,546
Deposits	2,015,478,649

The capital held by the banks has increased rather more than three per cent., while the reserves have increased some thirty-two per cent., and the deposits are three times as large as they were in 1893.

## Swiss Banking Association

THE profit and loss account of the Swiss Banking Association with offices at St. Gall, Winterthur, Zurich and Lichtensteig, shows earnings, including the amount brought forward, of francs 7,808,495.95. Of this amount 2,520,000 francs applies to dividend account, 177,584 francs to directors' fees, 600,000 francs to employees' pension fund, and 3,173,550 francs to current expenses, salaries, etc. Francs 562,040.63 to apply on bank premises account. There was added to the reserve fund 560,000 francs, leaving 215,321 francs to be carried forward to the next account.

The capital of the Swiss Banking Association is 40,000,000 francs, the ordinary reserve fund 8,000,000 francs, special reserve fund 3,300,000, deposits and current account totals 222,695,880 francs, while the total assets at the close of last year were 330,934,718 francs.

# Canadian Trade With the U. S.

Extract from a recent editorial in the New York Sun

"Even as we fight the enemy of mankind, we plan and act to expand our commerce with the world; and there is no richer prize for this country than the Canadian market. For years before the war Canada had been buying from us at an increasing pace not approached by any other country. While we were dreaming of Latin American markets Canada had come to be a larger customer of the United States than all the rest of the nations of the Western hemisphere put together. The rewards of our barter with the hundreds of millions of people in the Orient had become a bagatelle to what we were gaining from Canada. . . . And after the war, if we are not so selfish as to disregard a duty and such fools as to throw away the opportunity, Canada will yet lead all."

Copy of Booklet "Trade Acceptances—Canadian Practice" sent on request

## Union Bank of Canada

Head Office, Winnipeg

New York Agency  
49 Wall Street

Capital and Surplus, \$8,500,000

Geo. Wilson } Agents  
F. T. Short }

## Bank of France Circulation Raised

UNDER a recent decree the limit of circulation of the Bank of France is raised to 30,000,000,000 francs. The previous decree fixed the maximum issue of paper money at 27,000,000,000 francs.



## Italian Banking and Financial Conditions

SOME interesting financial information is contained in recent Italian correspondence of the London "Economist." Commenting on the report of the Bank of Italy, the correspondent says:

The balance-sheet closes in a way highly satisfactory to the shareholders and to the Government, which participates in the net profits of the banks of issue. The gross profits were 112,000,000 lire, against 79,100,000 lire in 1916; the expenses were 56,900,000 lire, against 39,200,000 lire. The net profits

amounted to 55,100,000 lire (1916, 43,900,000 lire), which are reduced to 51,600,000 lire after various statutory deductions. Of the said sum 14,400,000 lire were allotted to shareholders (8 per cent. on the paid capital), 15,900,000 lire to the extraordinary reserve, and 21,000,000 lire to the State.

The high profits of the year 1917 were in part due to the increased issue of bank notes, which averaged 4,659 million lire during 1917, against 3,294 millions during 1916. But the increment was higher if we compare the end of 1917 with the end of 1915 and with July, 1914, and if we include the issues of the other two banks of issue and of the State notes. The figures work out as follows:

	—Banking Issues—		
	July 31, 1914	Dec. 31, 1916	Dec. 31, 1917
	Mill. Lire	Mill. Lire	Mill. Lire
Bank of Italy.....	1,730.1	3,876.7	6,539.2
Bank of Naples.....	428.2	945.7	1,575.4
Bank of Sicily.....	106.8	189.9	310.4
	2,265.1	5,012.3	8,425.0
State issues .....	499.1	1,317.3	1,748.8
Total .....	2,764.2	6,329.6	10,173.8

While the note issues increased the gold reserve decreased; the gold held in the Bank of Italy vaults decreased from 1,118,200,000 lire at the end of 1914 to 835,900,000 lire at the end of 1917; the silver from 107,900,-

# The Bank of the Philippine Islands

(ESTABLISHED 1851)

MANILA, P. I.

BRANCHES: ILOILO AND ZAMBOANGA

ELISEO SENDRES, President

RAFAEL MORENO, Secretary

D. GARCIA, Cashier,

O. M. SHUMAN, Chief Foreign Dept.



Authorized Capital	(pesos)	10,000,000.00
Capital fully paid-up		4,500,000.00
Reserve Funds		1,775,000.00

(\$0.50 = 1 peso)

Transacts general banking business. Buys and sells exchange on all the principal cities of the world.

## AGENTS

London: Nat'l Bank of Scotland, Ltd.

Spain: Banco Hispano Americano

Hongkong: Netherland India Com'l Bank

San Francisco: Wells Fargo Nevada Nat'l Bank

New York: National City Bank and The Guaranty Trust Company

Paris: Comptoir Nat'l d'Escompte

Australia: Bank of New South Wales

Shanghai: Yokohama Specie Bank, Ltd.

Chicago: Continental & Commercial Nat'l Bank

Japan: Yokohama Specie Bank, Ltd., and The Bank of Taiwan, Ltd.

000 lire to 87,400,000 lire. The certificates of credit upon foreign places increased, however, from 23,600,000 lire to 447,700,000 lire. Italy was, previously to war, a paper currency country, and gold was not seen in circulation. It is gratifying to know that the Bank of Italy has only reduced its gold stock from 1,118,200,000 lire to 835,900,000 lire (— 282,300,000 lire), while sending presumably over 400 millions gold to foreign allied places, and thus aiding the financing of the war.

The correspondent states that principal cause of the fall of the lire has been the unavoidable increase of the paper issues. The price to be paid in Italian lire for the most important foreign exchanges were as shown (average of the month):—

	100 French Francs	100 Swiss Francs	£1	\$1
July 31, 1914....	101	100.80	25.40	5.25
Dec., 1915....	112.23	123.56	30.97	6.57
Dec., 1916....	117.20	135.18	32.59	6.85
June, 1917....	124.41	143.47	33.95	7.13
Dec., 1917....	144.87	189.90	39.56	8.29
March, 1918....	151.25	198.90	41.10	8.63

## How an American Bank Transacts Business in Foreign Countries

THE methods of transacting foreign business employed by the National City Bank are interestingly described in a recent issue of "The Americas."

The bank has eleven branches in Latin-America and three in Europe. As conditions warrant, more will be established. In system of general management, equipment, financial policy, and relationships of personnel, these are all part of one bank. Each is the National City Bank of New York, wherever it may be. At the same time each is an important and influential local bank and takes an active part in the business life of the city and nation in which it is placed, exercising its functions under charter of the government of the country. Several of the branch banks have resources considerably in excess of the leading banks of secondary American cities. They receive commercial de-

# Irving Trust Company

Frederic G. Lee, President

**Woolworth Building, New York**

*Member of New York Clearing House Association*

*Member of the Federal Reserve Bank of New York*

**Capital and Surplus \$2,250,000**

## BRANCHES

**Market & Fulton**  
81-83 Fulton St.  
New York

**Eighth Street**  
Broadway & 8th St.  
New York

**Aetna**  
92 West Broadway  
New York

**Flatbush**  
839 Flatbush Ave.  
Brooklyn

**New Utrecht**  
New Utrecht Ave. & 54th St.  
Brooklyn

**Long Island City**  
Bridge Plaza  
Long Island City

posits, even savings accounts. They loan to, and discount for the business community, advise in connection with local affairs, and conduct foreign transactions with all countries for them. They thus bring into the National City Bank's family of depositors and customers of every relationship thousands of foreign producers and merchants.



## Union Bank of Scotland, Limited

**M**EETING at the head office in Glasgow, May 1, shareholders of the Union Bank of Scotland, Limited, showing that the profit for the last year, after making provision for bad and doubtful debts, was £279,166, which with the balance brought forward from previous account, amounted to £340,452. Out of this £100,000 was added to the rest account, £150,000 was applied to dividends; £10,000 was allocated to

pension and allowance funds, and after some other appropriations, £60,452 was carried forward.

On April 2 the balance-sheet of the bank showed: deposits and current accounts, £23,648,883; capital, £5,000,000; reserve liability, £4,000,000; paid-up, £1,000,000; total assets, £28,803,277.



## Mercantile Bank of the Americas

**T**HAT the extension of American banking facilities to foreign countries is going on with considerable rapidity appears from a recent statement of the Mercantile Bank of Americas showing the location of its branches and affiliated banks. These are as follows: France, Paris; Spain, Barcelona; Italy, Genoa; Peru, Lima, Arequipa, Chiclayo, Callao; Ecuador, Guayaquil; Nicaragua, Managua, Bluefields, Leon, Granada; Venezuela, Caracas, La Guayra,

# THE BANK OF CHOSEN

*Incorporated by Special Charter of Imperial Japanese Government*

(\$0.50 — 1 Yen)

**Subscribed Capital, Yen 20,000,000**

**Paid-Up Capital, Yen 17,500,000**

**Head Office, Seoul, Korea**

## **Principal Branches:**

**KOREA:** Chemulpo, Pyongyang, Wonsan, Fusan

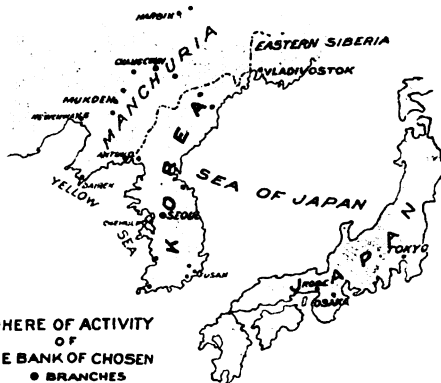
**MANCHURIA:** Mukden, Tiehling, Liaoyang, Ryojun (Port Arthur), Dairen, Changchun, Newchwang, Harbin, Antung

**JAPAN:** Tokyo, Osaka, Kobe

**CHINA:** Tsingtau, Shanghai

*Affiliated Bank:*

**VLADIVOSTOK:** Matsuda Bank



## **Principal American Correspondents:**

Guaranty Trust Company of New York  
Irving National Bank, New York  
National City Bank of New York  
National Bank of Commerce in New York

Yokohama Specie Bank, New York and San Francisco  
Canadian Bank of Commerce, San Francisco and Seattle

**H. YASUDA, New York Representative**  
**120 Broadway, New York**

Maracaibo; Brazil, Para; Colombia, Bogota, Barranquilla, Cartagena; Louisiana, New Orleans. There are also agencies in Bolivia, Costa Rica and Guatemala.

The Mercantile Bank of the Americas, which is an institution whose shares are owned by several leading banks and banking interests in the United States of North America, has its principal office at 38 Pine street, New York. It is under the supervision of the Federal Reserve Board and has a capital of \$2,500,000 and \$800,000 surplus and profits.



## **Chartered Bank of India, Australia and China**

**T**HE sixty-fourth ordinary general meeting of the shareholders of the Chartered Bank of India, Australia and China was held at the head office in London April 10, the chairman of the

court of directors, Sir Montague Cornish Turner, presiding. After mentioning some changes in the staff, and stating that the bank has 175 of its employees and officers in the Government's service, the chairman said:

The statement of accounts now before you is specially noticeable in the fact that our proposal to add £100,000 to the reserve will bring that fund up to the satisfactory figure of £2,000,000, as compared with our paid-up capital of £1,200,000. It has been the consistent policy of the directors for many years past to add to the reserve, thereby assuring the financial stability of the bank and improving the value of the shares in the market. Further, it is in a measure owing to this consistent policy of husbanding our resources and building up our reserves that we are able to pay the handsome return which shareholders now enjoy. I feel confident that the policy pursued will meet with your hearty approval.

Taking the figures of the report issued in 1906, you will find that the reserve fund then stood at £975,000, increased to £1,475,000 in 1907, partly by the addition of the premium on the new shares issued in that year, and gradually increased year by year up to the present figure. Turning to our balance-sheet, we have every reason to con-

# Service for Banks

## Oriental Exchange

We grant facilities whereby banks may draw their own drafts direct on China, Japan and other oriental countries.

## Investments

We offer, with our recommendation, government, municipal, railroad and public utility securities which we have investigated, suitable to the various requirements of financial institutions, investors and trustees.

## Information

Our statistical department is prepared to answer specific inquiries in regard to securities of American and foreign corporations.

*Correspondence Invited*

# Redmond & Co.

33 Pine Street

New York

Members of New York Stock Exchange

gratulate ourselves on steadily expanding figures, pointing to healthy development all along the line. Our totals now aggregate £36,126,432 12s. 1d., as against £33,390,841 14s. 11d. at 31 December last year, an increase of £2,735,590 17s. 2d., and even these figures would, in the ordinary course, have shown considerable increase had our complete returns not been delayed by the shipping difficulties. Our current and fixed deposit accounts, now amounting to £28,042,148 18s. 7d., an increase of £5,338,052 12s. 9d., evidence the continued confidence our home and Eastern friends place in the stability of the bank.

On the other side of the account our cash in hand amounted to £8,694,145 6s. 11d., an increase of £3,053,253 7s. 3d., showing a proportion of cash to deposit liabilities of over thirty per cent. Our policy is to keep as liquid a position as possible. Our bills discounted and loans also show satisfactory progress at £10,143,108 10s. 1d., against £9,601,277 5s. 10d.

Turning to our profit and loss account, our net profit for the twelve months was £402,795 13s. 1d., against £381,259 17s. 10d. in the previous year, and after placing £100,000 to reserve fund, adding £25,000 to officers' superannuation fund, and writing £40,000 off premises account (which latter item we considered necessary in view of our having had to acquire new premises at cer-

tain points to meet our increasing business), we recommend a final dividend at the rate of fourteen per cent. per annum, together with a bonus of £1 per share, equal to nineteen per cent. per annum, free of income-tax, and carry forward £167,261 3s. 3d., against £157,465 10s. 2d. brought in. Whilst our profits have so largely expanded, our expenses have but naturally, under present abnormal conditions, increased also, but it is satisfactory to know that thirty per cent. of that increase is due entirely to the higher rates of exchange ruling in the East.

Besides the head office in London, the Chartered Bank of India, Australia and China has branches in the important cities of India and Burmah, Straits Settlements and Siam, Java and Sumatra, China, Philippine Islands and Japan. A New York Agency is maintained at 88 Wall street, with William Baxter as agent.



## Sumitomo Bank, Limited

FOR the half-year ending with December 31, 1917, the Sumitomo Bank, Limited (head office, Osaka,

# BANKAKTIEBOLAGET SÖDRA SVERIGE

Head Office : HELSINGBORG, Sweden

Branches : STOCKHOLM, GOTHENBURG, MALMÖ, BORÅS and in 57 other  
Places in Sweden

(\$0.26 = 1 Kr.)

Capital Paid Up . . . . . Kr. 30,000,000

Surplus . . . . . Kr. 15,200,000

Resources About . . . . . Kr. 305,000,000

The organization and excellent relations of this Bank secure to its clients the most efficient handling of their business on moderate terms

*Inquiries and applications for terms are cordially invited and will find prompt attention*

Principal New York Correspondents { The Mechanics & Metals National Bank  
The National City Bank of New York

Japan), shows the following: Balance brought forward, yen 516,823.65; reserve for doubtful debts, yen 350,000; pension reserve, yen 150,000. Net profit for the half-year, yen 2,322,953.06. Of this amount yen 1,500,000 was carried to reserve fund; yen 736,956.52 was applied to dividends; yen 90,000 to bonus, with the reserves for doubtful debts and pensions as before, leaving yen 512,820.19 to be carried forward.

As of December 31, 1917, deposits were yen 187,620,112.98 and total assets yen 273,030,971.96.

A concise history of the Sumitomo Bank, Limited, was published in the April number of THE BANKERS MAGAZINE, showing the very marked growth of the institution in recent years.



## Progress of the Australasian Banks

REVIEWING late reports of the Australian banks, the "Australasian Insurance and Banking Record" states that their balance-sheets as a whole show substantial progress, especially in deposits, which in the case of the ordinary banks are larger than at a year previously by £20,386,029. This considerable movement is the result mainly of the large returns to primary producers during the 1916-17 season from a good volume of production and the high prices obtained for wool and other articles, the realization of the pro-

ceeds being facilitated by the arrangements made with the British Government, by which payment was made largely irrespective of actual shipment. While the resulting increase in deposits has been mainly in Australia and New Zealand, the corresponding increase in assets has been largely in London, and has to a considerable extent taken the form of holdings of British Government Treasury bills by the Australasian banks.

The total of the balance-sheets of the twenty-one ordinary banks is £302,354,718. As compared with the total published six months ago, this shows an increase of £6,238,108; and as compared with that published twelve months ago the increase is £22,924,605. Adding the Commonwealth Bank of Australia as at 30th June, 1917, £50,503,162, to the latest total of £302,354,718 for the ordinary banks, the combined total is £352,857,880.



## Russian Debt Repudiation

DETAILS in regard to debt repudiation in Russia are published in Russian newspapers which have reached London. The decree, as telegraphed to this country, contains these provisions:

1. All State loans concluded by the Governments of the Russian landlords and Russian bourgeoisie, enumerated in a special list, are hereby repudiated as from December 14, 1917. The December coupons of these loans are not paid.

2. In the same way are all the guaran-

# NORWEGIAN AMERICAN SECURITIES CORPORATION

74 Broadway, New York City

Capital - - - \$1,000,000.00

TRYGVE BARTH, President

LEIF H. STROM, Vice-President

GEORGE REITH, Vice-President

B. KROEPELIEN, Secretary and Treasurer

LE ROY JONES, Assistant Secretary

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T. BARTH, President

T. LANGLAND THOMPSON, Attorney

W. K. TRIMANN, Shipowner

H. KROEPELIEN, Treasurer

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TH. JULLUM, General Agent Norwegian  
Marine Insurance Companies

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ance Company

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Stray & Company

The Norwegian American Securities Corporation was formed primarily to facilitate business transactions between Norway and the United States of America.

It buys and sells Stocks and Bonds, lends money on shipments of commodities, Bills of Lading, etc., provides capital for conservative business enterprises, all with the view of and in connection with cementing business relations between the United States and Norway.

It will be pleased to receive commissions for the purchase and sale of Stocks, Bonds and other Securities in the United States or any other market, and will be glad to represent clients in any other capacity in connection with any other legitimate business transactions.

*Correspondence Invited*

tees repudiated which the said governments gave to loans of various concerns and bodies.

3. All foreign loans, without exception, are absolutely repudiated.

4. Short-term liabilities and Treasury bonds remain in force. Interest on them is not paid, but the bonds themselves have a currency along with credit notes.

5. Poorer citizens who hold State bonds of internal loans to an amount of not more than 10,000 roubles nominal receive in exchange certificates, made out in their names, of a new loan of the Russian Socialist Federal Soviet Republic to an amount not exceeding 10,000 roubles. The terms of the loan will be fixed later on.

6. Deposits at the State savings banks and interest on them remain intact. All debentures of the annulled loans which belong to the savings banks are replaced by a book debt on the part of the Russian Socialist Soviet Republic.



## Business Conditions in the Argentine

**R**EPORT No. 140, issued by Messrs. Ernesto Tornquist & Co., Ltd., Buenos Aires, gives a complete summary

of economic conditions in the Argentine Republic. The report contains a statement of the financial agreement between the United States and the Argentine Government.

According to this agreement merchants in the United States who owe money to Argentine firms, would deposit the funds with the Argentine Ambassador in Washington, who in turn would deposit them in current-account in the New York Federal Reserve Bank. Argentina agrees that in settlement of this account no gold shall be shipped from the United States until the treaty of peace is signed and the Government of the United States agrees to place no obstacle to the shipment of this gold when that time has arrived.

All payments of this nature to be made to the Argentine Ambassador on the basis of the normal rate of exchange plus three per cent. to cover the cost of transports, marine insurance, etc.

The deposits may be made to the extent of \$40,000,000 in United States currency, which amount would probably

# THE MERCANTILE BANK OF INDIA (LIMITED)

Head Office: 15 GRACECHURCH STREET, LONDON, E. C. 3.

Capital Authorized . . . \$7,500,000  
Paid-up . . . . . 3,250,000  
Reserve Fund . . . . . 3,000,000

**BANKERS:** Bank of England; London Joint-Stock Bank (Limited)

*Branches and Agencies in India, Ceylon, Straits Settlements, China, Japan and Mauritius*

The Bank buys and sells Bills of Exchange, issues Letters of Credit and Circular Notes and transacts Banking and Agency Business in connection with the East on terms to be had on application. Fixed Deposit rates quoted on application. On current accounts interest is allowed at 2 per cent. per annum on daily balances.

be increased if it should not prove sufficient.

Against the payments made to the Ambassador in Washington the Banco de la Nación or Caja de Conversion will pay to the Argentine creditors the equivalent of the American deposits in Argentine currency.

The report also contains the interesting information that Argentina has enacted a homestead law, modeled on that of the United States.

It provides for free grants of land of from twenty to 200 hectares to any Argentine or foreign applicant who is the head of a family, the land to remain inalienable and to continue in possession of the family after the father's death until all children are of age, when the property may be divided amongst them. The same rights are conceded to female applicants, either single women or widows, of over twenty-two years of age.

The land itself cannot be mortgaged for the payment of debts incurred; each year's crop can only be attached to the extent of half its value.



## Industrial Bank of Japan, Limited

**S**PEAKING at the half-yearly ordinary general meeting of shareholders of the Industrial Bank of Japan, Limited, held at the head office in Tokyo, February 5, President Tetsujiro Shidachi offered the following report:

During the period under review the prosperous state of the general business in this country has still continued and foreign trade was favorable to us, though it has been slightly checked by the declaration of the Government of the United States of America to prohibit the exportation of gold and steel. The banks and the financial houses have had in their hands a large surplus of money and consequently the rate of interest ruled very low throughout the term. However, they have never failed to take adequate measures to provide against any sudden change on the money market and so the leading banks here coöperated to raise the rate of interest on deposits.

Under these circumstances the result of the half-year's operation of the bank may be said to have been satisfactory on the reasonable increase in earnings as shown below, and it seems advisable to declare the dividend at the rate of six per cent. per annum, the same as in the last term.

The net profits for the period, including yen 62,138 balance brought forward from last account and after making necessary payments and deductions, amount to yen 730,041. Out of these profits yen 59,200 is transferred to the reserve against losses, and yen 14,800 to the dividend equalization reserve. After making these transfers, the

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22 BRANCHES

**Paid-up Capital and Reserves, Francs 88,000,000**



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HEAD OFFICE :

**BERNE, SWITZERLAND**

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Collections**

**Documentary and Cash Credits Opened**

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*Correspondence Solicited*

president recommends that yen 463,613 be paid as a first dividend at the rate of five per cent. per annum; and that out of yen 192,428 now available, yen 20,000 be appropriated for the remuneration of the officers, and yen 92,722 be paid as a second dividend at the rate of one per cent. per annum. The balance yen 79,705 will be carried forward.



## Bank of Japan

**T**HROUGH the courtesy of Mr. Haruhiko Kato, chief of the secretary's department of the Bank of Japan, THE BANKERS MAGAZINE has received the Annual Report of that institution for the year 1917. From the address of Governor Viscount Yataro Mishima it is learned that in spite of occasional fluctuations in general commercial and industrial conditions, "foreign trade continued to improve in the main throughout the year, and in shipping there was much activity. The result was that payments due from abroad

increased markedly, and the foreign exchanges became more and more favorable to Japan, so that, until a ban on the export of gold and silver from the United States was put into effect, specie did not cease to flow into the country. In consequence, even though the redemption of our national loans in foreign countries and the subscriptions to those of foreign governments in this country aggregated a fairly big amount, the specie holdings of our country both at home and abroad had increased month after month till they reached over 1,104,000,000 yen at the close of the year under review. This explains the fact that in each of the months, September, October and November, our bank notes were issued wholly against the specie reserve for nearly half a month. Moreover, as a result of the country's financial expansion, the demand for money for the purpose of settling accounts at the end of the year grew so considerably as to necessitate the issue of notes by this bank on the last day of December to the amount of

more than 830,000,000 yen—the highest figure that had ever been known.”



### New Chinese Government Loan

**A** NEW internal loan of \$48,000,000, to be known as the short term loan of the seventh year of the republic, has been issued by the Chinese Government. The loan is issued at par and will bear six per cent. interest. The fact that principal and interest of this loan are secured by the postponed Boxer Indemnity funds and that the first drawing of the bonds for redemption is to be held from the first month of this year makes this loan in every way preferable to all former loans floated by the Government.

The suspension of the Boxer Indemnity payments for the next five years will give China a fund of approximately \$60,000,000, which will not, of course, be available all at once. The present loan is floated for the purpose of liquidating the Government's debt to the Banks of China and Communications.



### Conducting Foreign Business

**B**ANKERS and business men generally will find much to interest them in a booklet published recently by the National City Bank of New York, entitled, "Conducting Foreign Business Through the National City Bank of New York." It not only explains the value of foreign business itself, but



Genoa Branch National City Bank of New York

# MERCANTILE BANKING COMPANY, Ltd.

Avenida Francisco I. Madero No. 12

CITY OF MEXICO, D. F.

Capital and Surplus, \$600,000.00

GEO. J. McCARTY. President      K. M. VAN ZANDT, Jr., Vice-President and Manager      H. C. HEAD, Cashier      FCO. COUDURIER, Asst. Cashier

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gives many practical suggestions, growing out of the bank's wide experience, as to how such business may be conducted.

Through its own branches, and those of the affiliated International Banking Corporation, the National City Bank is gradually gaining an important position in foreign banking—a service for which the institution is perhaps as well equipped as any in the world.



## Dai-Ichi Ginko, Limited

ACCORDING to the forty-third semi-annual report of the directors, submitted to the general meeting of shareholders, January 26, 1918, the profits of this institution for the year ending December 31, 1917, were:

	YEN
The gross profit for the half-year.....	7,658,422.16
From which has to be deducted the general expenditure of the bank.....	5,373,390.94
Showing net profit of.....	2,285,031.22
Balance of profit brought forward from last account.....	848,131.88
Total .....	3,133,163.10

Which the Directors recommend to be disposed of as follows:—

To bonus for directors, auditors and chief officers.....	114,250.00
To officers' pension fund.....	45,700.00
To be added to reserve fund (thus raising that account to yen 12,200,000.00) .....	1,000,000.00
To dividends at the rate of twelve per cent. per annum on 239,000 old shares at yen 3.00 per share and 215,000 new shares at yen 1.50 per share .....	1,039,500.00
Leaving a balance to be carried forward to next account.....	933,713.10
Total .....	3,133,163.10

This institution was established in 1873 and was formerly the First National Bank. Its head office is at Tokyo.



## Savings Bank in Pangasinan, Philippine Islands

THE Province of Pangasinan is shortly to have a savings bank with authorized capital of \$150,000 and paid-up capital of \$100,000. The stockholders and officers will be both Americans and Filipinos. The bank will maintain a savings deposit department for the purpose of encouraging the farmers to save their earnings, and also a land mortgage department for the purpose of lending money to farmers to develop their lands on a larger scale. In view of the fact that Pangasinan is a very

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of this magazine.

rich agricultural province, with an annual yield of rice, tobacco and palay that could be increased many times, it is thought that the establishment of a bank of this character will prove a great benefit to the community at large.



### Central Bank of India, Limited

THE annual general meeting of the shareholders of the Central Bank of India, Limited, was held in the head office at Bombay, January 22, 1918. As shown by the eleventh report of the board of directors, the net profits of the year, including the amount brought forward, were Rs. 3, 12, 494. From this sum an ad interim dividend on the old capital at the rate of seven per cent. per annum was declared for the six months ending June 30, and Rs. 1, 40, 000 transferred to the reserve fund. It was further proposed, at the annual meeting, to pay a dividend at

the rate of eight per cent. on the old capital, and the same dividend on the new capital, to pay a bonus of Rs. 9, 500 to the bank's staff, and to carry forward to next account Rs. 30, 494.

The report indicates a gratifying gain in the bank's business, there having been an increase of over Rs. two crores in fixed deposits and current accounts in the past year.



### National Bank of India, Limited

NET profits of this bank for the year 1917 were £353,139, and added to the amount brought forward, the sum for allocation was £459,828. An ad interim dividend was paid June 30 at the rate of sixteen per cent. per annum and a similar dividend at the end of the year, which, with the bonus of four per cent., gave the shareholders an annual return of twenty per cent., free of income tax. There was added £100,000 to reserve, making the total of that item £1,350,000. After writing off £10,000 from house property accounts and adding £10,000 to the officers' pension fund, there was carried forward £139,828 to next account.

The head office of the National Bank of India is at 26 Bishopsgate, London.

### Liberty Trust Company

8, Place Edouard VII.

Total Resources Over

**\$10,000,000**

PARIS - FRANCE

# Bank Advertising Exchange

Those listed herewith are willing to exchange booklets, folders and other advertising matter issued by them. Subscribers can get on this list free of charge

## Watch for New Names and Other Changes

### A

American Savings Bank, Springfield, Mo.  
Ansley, D., c/o Central Trust Co., San Antonio, Tex.  
Art, Carl W., manager publicity department, Union Trust Co., Spokane, Wash.

### B

Bader, A. F., assistant cashier, Old State National Bank, Evansville, Ind.  
Bailey, C. W., cashier, First National Bank of Clarksville, Clarksville, Tenn.  
Bankers Magazine, The, New York.  
Bauder, Ray E., cashier, First National Bank, Taylorville, Ill.  
Baughner, E. M., president, The Home Building Association Co., Newark, O.  
Bennett, H. D., assistant cashier, Capital National Bank, Lansing, Mich.  
Bize, L. A., president Citizens Bank and Trust Co., Tampa, Fla.  
Bollman, H. C., cashier, First National Bank, Collinsville, Okla.  
Branham, D. R., director publicity, Hellman Commercial Trust and Savings Bank, Los Angeles, Cal.  
Brooks, T. J., vice-president, The Guaranty Trust and Savings Bank, Jacksonville, Fla.  
Brown, R. A., assistant cashier, Citizens National Bank, Raleigh, N. C.  
Bunch, F. B., cashier, Merchants and Farmers Bank, Statesville, N. C.  
Burton, E. C., vice-president, Penn National Bank, Chester, Pa.

### C

Cox, Ray, cashier, American Savings Bank, Springfield, Mo.  
Crowson, M. Clarence, cashier, Home Banking Co., High Point, N. C.  
Culbreth, Eugene E., Commercial National Bank, Raleigh, N. C.

### D

Dayton, T. S., publicity manager, Guaranty Trust Co., New York City.  
Delly, H. E., Tradesmen's National Bank, Philadelphia, Pa.  
Dysart, W. R., assistant cashier, First National Bank, Ripon, Wis.

### E

Eberspacher, J. C., assistant cashier, First National Bank, Shelbyville, Ill.

Ekirch, A. A., secretary, North Side Savings Bank, New York City.  
Ellsworth, F. W., secretary, Guaranty Trust Co., New York City.

### F

Finch, E. W., assistant cashier, Birmingham Trust and Savings Co., Birmingham, Ala.

### G

Groves, J. W., advertising manager, Minnesota Loan and Trust Co., Minneapolis, Minn.

### H

Hall, J. Comly, Farmers and Mechanics Trust Co., West Chester, Pa.  
Hamsher, C. F., cashier, First National Bank, Los Gatos, Cal.  
Haskell, E. G., Barnett National Bank, Jacksonville, Fla.  
Hatton, E. A., cashier, First National Bank, Del Rio, Tex.  
Hillyer, E. L., secretary, Union Trust Co. of D. C., Washington, D. C.  
Hoagland, Jessamine G., publicity manager, National City Bank, Chicago, Ill.  
Hoffman, A. C., manager, department of publicity, The Security Trust & Savings Bank, Los Angeles, Cal.  
Hokanson, N. M., advertising manager, State Bank of Chicago, Chicago, Ill.

### I

Imhoff, Charles H., vice-president, Union National Bank, Newark, N. J.

### J

Jarvis, Charles D., publicity manager, Savings Bank of Utica, Utica, N. Y.  
Jessup, Theodore, assistant cashier, Woodlawn Trust and Savings Bank, 1204 E. 68rd Street, Chicago, Ill.

### K

Kahn, A. T., vice-president, Commercial National Bank, Shreveport, La.  
Kay, W. R., Jr., manager publicity department, Sacramento Bank and Fort Sutter National Bank, Sacramento, Cal.  
Keller, C. B., Jr., assistant cashier, Stroudsburg National Bank, Stroudsburg, Pa.  
Kittredge, E. H., publicity manager, Old Colony Trust Co., Boston, Mass.

Keep us in touch with your publicity work. Each month current advertising is reviewed and commented upon, ads are reproduced and criticised in **BANKING PUBLICITY**

## L

Lanier, B. W., First National Bank, Lakeland, Fla.  
 Logan, John, cashier, Columbus State Bank, Columbus, Mont.  
 Lovett, W. R., Atlantic National Bank of Jacksonville, Jacksonville, Fla.

## M

McCorkle, Josephine C., Publicity Manager The City National Bank, Evansville, Ind.  
 McDowell, J. H., c/o American Trust and Banking Co., Chattanooga, Tenn.  
 Mann, Ralph H., treasurer, Park Trust Co., Worcester, Mass.  
 Marvel, Charles S., cashier, The First-Second Savings and Trust Co., Akron, O.  
 Matthews, Dave S., advertising manager, Farmers and Merchants Bank, Stockton, Cal.  
 Matthews, H. B., advertising manager, S. W. Straus & Co., 150 Broadway, New York City.  
 Merrill, Frank, advertising manager, The Northwestern National Bank, Minneapolis, Minn.  
 Meyer, A. J., publicity department, Union Trust Co., Rochester, N. Y.  
 Mills, W. C., New Business Department, Metropolitan Trust Co., 60 Wall Street, New York City.

## O

Overton, J. A., cashier, The National Bank of Smithtown Branch, Smithtown Branch, N. Y.

## P

Poole, John, president, Federal National Bank, Washington, D. C.  
 Potts, W. W., secretary and treasurer, The Federal Title and Trust Co., Beaver Falls, Pa.

## R

Ruebel, D. A., publicity manager, St. Louis Union Bank, St. Louis, Mo.  
 Ruff, William J., cashier, Luzerne County National Bank, Wilkes-Barre, Pa.

## S

Schlenker, Almot, cashier, First National Bank, Brenham, Tex.

Scott, Walker, vice-president, Virginia Trust Co., Richmond, Va.  
 Shepherd, George W., c/o International Trust Co., Boston, Mass.  
 Shoven, A. M., cashier, Kankakee County Trust and Savings Bank, Kankakee, Ill.  
 Smith, A. C., vice-president, City National Bank, Clinton, Iowa.  
 Smith, Allen T., manager Special Service Department, Industrial Savings Bank, Flint, Mich.  
 Starr, E. L., publicity manager, Wachovia Bank and Trust Co., Winston-Salem, N. C.  
 Stein, Rudolph, assistant cashier, John Nemeth State Bank, New York City.  
 Stewart, F. E., 1505 Jefferson St., Toledo, O.  
 Stoner, T. H., cashier, The Peoples National Bank, Waynesboro, Pa.  
 Stover, J. C., secretary-treasurer, Indiana Savings and Loan Association, South Bend, Ind.

## T

Taylor, C. E., Jr., president, Wilmington Savings and Trust Co., Wilmington, N. C.

## V

Van Blarcom, Wessels, assistant cashier, Second National Bank, Paterson, N. J.  
 Van Name, Miss M. I., 515 Stephen Girard Building, Philadelphia, Pa.

## W

Wadden, John W., president Lake County Bank, Madison, S. D.  
 Williams, F. H., treasurer, Albany City Savings Institution, Albany, N. Y.  
 Williams, J. E., assistant cashier, Third National Bank, Scranton, Pa.

## Z

Zimmerman, Frank A., treasurer, Chambersburg Trust Co., Chambersburg, Pa.  
 Zimmerman, Paul E., cashier, Oak Park Trust and Savings Bank, Oak Park, Ill.

## NEW NAMES

Adams, F. R., Will County National Bank, Joliet, Ill.



## A Modestly-Paid Servant of the State

ON the authority of Plutarch, Montaigne says in one of his essays that Tiberius Gracchus was allowed but fivepence halfpenny a day when employed as public minister about the pub-

lic affairs, and being at that time the greatest man in Rome.

Probably this eminent gentleman was the prototype of many who are to-day serving their Government for a dollar a year.

# The Banks in War Time

**I**N looking over the subscriptions to the Third Liberty Loan from day to day, no one could have failed to notice the impressive totals reported by the banks.

It is well known that the national banks of the country are actually financial agents of the Government and are designated as such in the National Banking Act. When that law was enacted the country, as now, was engaged in war and under the necessity of selling large amounts of bonds. This fact undoubtedly influenced Congress in making the banks a part of the Government's financial machinery. The course taken in this instance proved a wise one, for both during the Civil War and in the subsequent years of peace, whenever it became necessary to float a bond issue, the banks were found ready and willing to help.

When the present war came on, therefore, the country had at its service these thousands of financial agents—the national banks—possessing the necessary equipment and experience and that intimate relation with the people which made it comparatively easy to float the successive issues of Government bonds. The banks went about the matter in an orderly manner, and animated with but one purpose—to sell as large amounts of bonds as possible in the very least time. The hundreds of millions they have brought in on the successive loans witness the complete success of these efforts.

Nor were the national banks alone in serving the Government in this crisis. State banks, savings banks, loan and trust companies and private banks voluntarily assisted with the greatest enthusiasm and success.

Since the banks all acted in this matter without profit, and in fact at great expense, there should be no more said about the selfishness of the banks or their want of patriotism, for their unselfishness and patriotism have both

been amply demonstrated in the three successive loan campaigns.

It is a source of satisfaction that the farming districts of the South and West



Liberty at Home  
The Bond booth with Statue of Liberty at the  
Liberty National Bank, New York



**This Liberty Bond display of the Cleveland Trust Co. was said to be the most extensive in the Fourth District and one of the most prominent in the country**



**The Guaranty Trust Co.'s "bank on wheels," which will carry money to our men in the camps and trenches along the battle front in France**



## United in the Cause of Liberty and Justice

**T**HOSE nations which face Germany on the battlefields of Europe are fighting for their existence as sovereign peoples; they are fighting to rid themselves of the menace of German aggression; they are fighting to uphold the principles and ideals of civilization and human progress.

America now fights with them, shoulder to shoulder.

In order to enable the American Government to throw its military strength and the full weight of its mighty resources into the conflict, Liberty Bonds are now being sold. These bonds are not only the safest investment that can be bought in

the United States, but the money secured by their sale is used at once to build and buy ships, airplanes, guns, ammunition and other war supplies, and to transport American troops to France.

It is the solemn duty of the nationals of all the Allied powers to invest every possible dollar in these United States Bonds. The banks named below are gladly co-operating with the Liberty Loan Committee in appealing to their patrons and all other citizens for subscriptions to the Liberty Loan. Every dollar invested in Liberty Bonds is a fighting dollar; it fights for liberty and humanity, for an early victory, and a permanent peace.

*This space has been donated to the Liberty Loan Committee by the following agents and representatives in New York of banks of our Allies:*

African Banking Corporation  
Anglo-South American Bank, Ltd.  
Bank of British North America  
Bank of British West Africa  
Bank of Montreal  
Bank of Nova Scotia

Bank of Taiwan, Ltd.  
Colonial Bank of London  
Crédit Lyonnais  
Crédito Italiano  
London and Brazilian Bank, Ltd.  
Banca Commerciale Italiana



**LIBERTY LOAN COMMITTEE**  
Bankers' Palace, Broadway, New York  
120 BROADWAY, NEW YORK CITY

Banco di Napoli  
London and River Plate Bank, Ltd.  
Merchants Bank of Canada  
National Bank of South Africa  
Standard Bank of South Africa  
Yokohama Specie Bank, Ltd.

Banks of many different countries contributed to this newspaper ad. of the Third Liberty Loan

have sent in such large subscriptions to the Third Liberty Loan. That these sections of the country subscribed less liberally than the great business centres to previous loans by no means implies that the war was unpopular in the agricultural sections of the country. Farmers were not so well accustomed to buying bonds as were the people in the cities, and they did not so quickly respond to the appeals made to them. But they have caught the spirit now. In this work, too, the banks have helped

immensely through their close contact with the farming population.

### HOW THE LIBERTY NATIONAL BANK SOLD LIBERTY BONDS

In the nation-wide campaign for the sale of Third Liberty Loan Bonds, the Liberty National Bank, New York, besides doing its full share in an active manner, added a picturesque touch to the soliciting of subscriptions. Inside the bank itself was erected a very ar-

tractive booth containing a bronze statue of Liberty, about four feet tall. It is an original cast from the Bartholdi statue and bears the signature of the sculptor. This particular cast was on exhibition in Washington for some time, until it became the property of A. T. Stewart, and later of the Hilton estate, from which it was purchased by the Liberty National Bank.

In addition to the booth containing the bronze cast of the Bartholdi

sailor costume. Both young women were employees of the Liberty National Bank. Needless to say, they were successful in their sale of bonds.

#### CLEVELAND'S GREAT DISPLAY

The largest Liberty Loan display in the Fourth Federal Reserve District and probably one of the most prominent anywhere in the country, was that of the Cleveland Trust Co. in Cleveland.



A Liberty Bond display at the First National Bank, Syracuse, flood-lighted at night

statue, the Liberty National Bank also had an attractive booth in the main corridor of the Equitable building, where a plaster cast of the same statue was on exhibition.

Both booths consisted of an arrangement of white enameled pillars decorated with gold paint and tastefully adorned with silk American flags and the flags of the Allies.

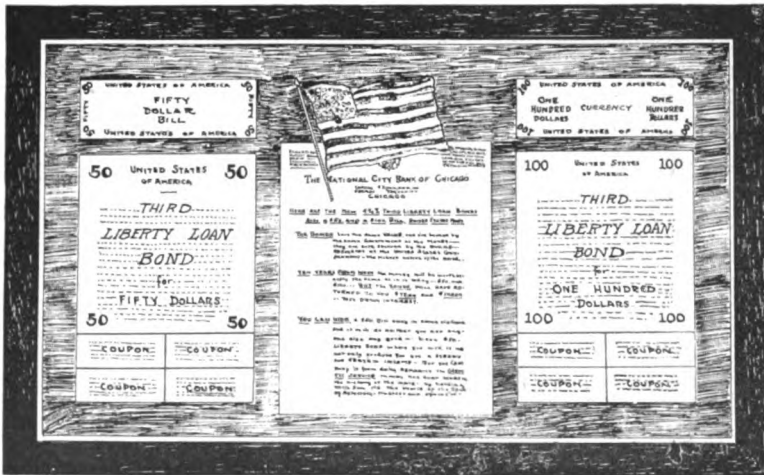
The booth in the main corridor of the building was presided over by a young woman dressed to represent the Goddess of Liberty in a white silk robe with a blue liberty scarf and with a red and white liberty cap on her head. The other booth was in charge of a young woman dressed in a feminine form of

As it appeared on the building it made a striking "smash." On one side the long sign was 250 feet from end to end; on the other, 150 feet, with black letters four feet high with brilliant red borders.

The small signs telling of the sacrifices of the various Allies were each surmounted by shields in the colors of that particular nation. The inscriptions on the posters showing the Kaiser and President Wilson were changed daily, each change consisting of contrasting statements by the two men.

W. A. Schulte, advertising manager, in describing the display, writes:

"We don't think for a minute that other banks and concerns would not be



How the National City Bank of Chicago advertised the Liberty Loan

willing to boost Liberty Bond sales in the same way if they could. Naturally it is a matter of local geography. We are located on the busiest corner of the city; have the type of building that adapts itself to display purposes, and as sole occupants of this building, we could go as far as we liked. With fifteen branches scattered throughout the city and environs, we feel that it is up to us to make a big noise. This is no time for dignified bank advertising."

#### A UNIQUE CHICAGO DISPLAY

Ray E. Bauder, manager of the New Business Department of the National City Bank of Chicago, sends a drawing of a most successful method of displaying Liberty Bonds and showing the relative value of the bonds and the actual money.

The drawing depicts a glass-covered frame in which is placed, on the left side, a \$50 Third Liberty Loan Bond, over which is placed a \$50 bill, United States currency. On the right side of the frame is placed a \$100 Third Liberty Loan Bond and over that a \$100 bill. In the center and between the two bonds is placed a letterhead of the bank on which is noted in pointed terms the relative value of the money and the bonds, showing, as will be noted, a dis-

tinct argument for the latter. Over the letter and in order to set off the display properly, is placed a small American flag. The background is, preferably, of black cloth in order to give a proper contrast to the display.

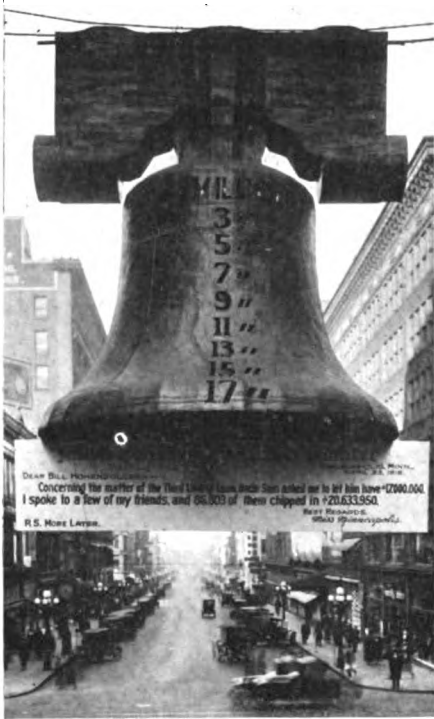
This suggestion was original with Mr. Bauder and was used with exceptional success in educating people as to just what the bonds are by giving them the actual value, and the display was the means of arousing continual curiosity on the part of passers-by, the frame having been placed in a window of the bank.

#### THE LIBERTY BELL IN MINNEAPOLIS

Although the papier mache Liberty Bell of the Minneapolis campaign which was suspended on Nicollet avenue, just above Sixth street, was 12 feet high, 10 feet across the bottom and weighed 400 pounds, with an additional weight of 800 pounds, due to wind pressure, it was not enough to indicate the city's actual response to the bond issue. The illuminated figures on the side of the Bell provided only for \$17,000,000, the city's quota in the Loan. When the close of the campaign disclosed that more than 80,000 citizens of the city had subscribed for the Loan, pushing the total beyond \$20,500,000, it became

necessary to find some manner to display to the passers-by just how Minneapolis is backing up her boys. Miss Minneapolis, therefore, was called on,

Bill Hohenzollern is the news of what Minneapolis has done, and as Miss Minneapolis fitly closed her letter, there will be 'more later.' "



The 400-pound Liberty Bell that hung over Nicollet avenue and Sixth street, Minneapolis

and she penned a note to Kaiser Bill, which was placed on a double-faced sign, 13 feet long and 4 feet deep, weighing 40 pounds, and carrying an additional weight of 200 pounds of wind pressure.

"Miss Minneapolis' note to the Kaiser, telling him of the city's addition to the country's war chest and disclosing to him at the same time how general was the patriotic war sentiment here," said Edmund Pennington, chairman of the loan committee, "had a pretty good punch in it when you figure on the size and weight of her stationery. However, the real punch in the note for

#### A PHILADELPHIA EXHIBIT OF WAR MATERIALS

The First National Bank of Philadelphia recently held in the bank a successful exhibit of war materials made by the bank's customers.

This exhibit was planned to bring a greater realization of the results of combined effort, to emphasize the importance of Philadelphia's part in the



#### A Philadelphia Exhibit

The First National Bank of Philadelphia made this extensive and interesting display of war materials "made in Philadelphia"

war program, and to show the industries financed by the banking institutions in order to assure full, prompt production of the requirements of our Army and Navy.

Of this exhibit Vice-President H. J. Haas writes:

"We feel that every community fur-

nishing war materials should make some such display, and I am sure the references in your publication will be an inspiration to them. We tied the exhibit up with the sale of Liberty Bonds, War Savings Stamps and Thrift Stamps, by designating wherever possible prices in these terms."



## Taxation of National Bank Shares

**I**N the editorial section of the May number of *THE BANKERS MAGAZINE*, page 540, it was stated that the law in regard to the method of taxing the shares of any national bank, state bank, trust company or other banking institution, had been amended by authorizing the deduction of an amount equal to the same proportion of value of the shares as the par amount of any bonds or other interest-bearing obligations of

the United States issued during the present war, owned by such banks or trust companies and banking institution, bears to its gross accounts.

This statement was published from what was believed to be correct information, but it is now learned that a bill authorizing such exemption passed the House of Representatives but was not concurred in by the Senate.

The statement made therefore in the item referred to was incorrect.



## President Asks More Revenue

**O**N May 27 President Wilson addressed Congress, asking for additional revenue to be provided at the present session. He said, in part:

Additional revenues must manifestly be provided for. It would be a most unsound policy to raise too large a proportion of them by loan, and it is evident that the four billions now provided for by taxation will not of themselves sustain the greatly enlarged budget to which we must immediately look forward. We cannot in fairness wait until the end of the fiscal year is at hand to apprise our people of the taxes they must pay on their earnings of the present calendar year, whose accountings and expenditures will then be closed. We cannot get increased taxes unless the country knows what they are to be and practices the necessary economy to make them available.

Definiteness, early definiteness, as to what its tasks are to be is absolutely necessary for the successful administration of the Treasury. It cannot frame fair and workable regulations in haste, and it must frame its regulations in haste if it is not to know its exact task until the very eve of its performance. The present tax laws are marred, moreover, by iniquities which ought to be remedied. Indisputable facts, every one, and we cannot alter or blink them. To state them is argument enough.

And yet perhaps you will permit me to dwell for a moment upon the situation they disclose. Enormous loans freely spent in the stimulation of industry of almost every sort produce inflations and extravagances which presently make the whole economic structure questionable and insecure, and the very basis of credit is cut away. Only fair, equitably distributed taxation of the widest incidence and drawing chiefly from the sources which would be likely to de-

moralize credit by their very abundance can prevent inflation and keep our industrial system free of speculation and waste.

We shall naturally turn, therefore, I suppose, to war profits and incomes and luxuries for the additional taxes. But the war profits and incomes upon which the increased taxes will be levied will be the profits and incomes of the calendar year 1918. It would be manifestly unfair to wait until the early months of 1919 to say what they are to be. It might be difficult, I should imagine, to run the mill with water that had already gone over the wheel.

Moreover, taxes of that sort will not be paid until the June of next year, and the Treasury must anticipate them. It must use the money they are to produce before it is due. It must sell short-time certificates of indebtedness. In the autumn a much larger sale of long-time bonds must be effected than has yet been attempted.

What are the bankers to think of the certificates if they do not certainly know where the money is to come from which is to take them up? And how are investors to approach the purchase of bonds with

any sort of confidence or knowledge of their own affairs if they do not know what taxes they are to pay and what economies and adjustments of their business they must effect? I cannot assure the country of a successful administration of the Treasury in 1918 if the question of further taxation is to be left undecided until 1919.

The consideration that dominates every other now, and makes every other seem trivial and negligible, is the winning of the war. We are not only in the midst of the war, we are at the very peak and crisis of it. Hundreds and thousands of our men, carrying our hearts with them and our fortunes, are in the field, and ships are crowding faster and faster to the ports of France and England with regiment after regiment, thousand after thousand, to join them until the enemy shall be beaten and brought to reckoning with mankind. There can be no pause or intermission. The great enterprise must, on the contrary, be pushed with greater and greater energy. The volume of our might must steadily and rapidly be augmented until there can be no question of resisting it.



## How to Get Things Done

**F**ROM a man who has had far more than ordinary success in getting things done, the following statement of Mr. Schwab has exceptional interest:

It has been a lifelong theory of mine, one that I have put into practice for thirty-five or forty years of industrial pursuits rather successfully, and one which I think ought to be the keynote of everything we strive to do during this period. I believe that men rise to their greatest accomplishments by proper encouragement, not by criticism.

I have yet to see the man however great and exalted his situation who is not susceptible to the approval of his fellow men. I have yet failed to see the man who is worth calling a man who does not put forth his best efforts under the approval of his fellow men. And the severest criticism that can come to any man is not to find fault with him, but not to be noticed at all. When a man is not noticed he knows that he has not gained the approval of his fellows, but when he is approved he gives his best effort.

In this great struggle for building ships

it has been my privilege to be associated with splendid fellows. I have been around to a great many of the yards and have met the most enthusiastic response from every quarter.

I had thought that in my residence in New York among capitalists and others I had lost the art that I possessed in younger days of inspiring enthusiasm among workmen. But I found that that association only made me more enthusiastic, more optimistic, and if anything more successful than in the earlier years. The spirit and the morale of the men are beyond question. Each day sees them improved. Each day sees them more optimistic, more enthusiastic and more patriotic.

If I might be allowed the privilege of a word of suggestion, it is that that tone, that that air of encouragement, of enthusiasm, of pushing forward, not critical fault finding with things that have gone by, but enthusiastic encouragement for better results, even though the past has not been up to our expectations, will bring us manifold additions to the enthusiasm and ability of not only our work people, but those who direct our various departments.

# Banking and Financial Notes

## NEW PRESIDENT OF THE NEW NETHERLAND BANK

William F. Koelsch has been elected president of the New Netherland Bank of New York, succeeding J. Adams Brown, who resigned to accept a position in another bank. Mr. Koelsch is forty-three years old and a native of New York city. He has been in the banking business since 1890, when he started in as a messenger in the office of the Metropolitan Trust Company. After spending thirteen years with that institution he went to the Mutual Alliance Trust Company as secretary and treasurer. Later he became manager of

the credit department of the Guaranty Trust Company, and was also active in the foreign and commercial departments. He was among the first to advocate the acceptance method of commercial financing, and is one of the original members of the American Trade Acceptance Council.

## W. T. LAW BECOMES SECRETARY OF THE FOREIGN TRADE BANKING CORPORATION

After a continuous service of seven years as assistant treasurer of the United States Mortgage and Trust Company, W. T. Law has resigned and has accepted the position of secretary of the Foreign Trade Banking Corporation, New York.

## RECEIVES A MAJOR'S COMMISSION

Garrard Comly, vice-president of the Citizens National Bank, New York, has been commissioned a major in the United States Army, and has temporarily joined the chief of staff at Washington pending his service in France.

## MERCHANTS NATIONAL BANK CREDIT MANAGER

Ward R. Noble, formerly with the credit department of the Guaranty Trust Company, has been appointed credit manager of the Merchants National Bank of New York.

## NEW SECRETARY OF GUARANTY TRUST COMPANY

Fred W. Ellsworth has been succeeded as secretary of the Guaranty Trust Company of New York by Matthew T. Murray, who has been acting as resident attorney for the company for some time.

Mr. Murray is a son of Mr. and Mrs. Matthew T. Murray of Kew Gardens, L. I., and was born in New York July



*Mr. Branch*  
Our first President

## Merchants National Bank

RICHMOND, VA.

Capital . . . \$400,000  
Surplus and Profits over 1,500,000

The Gateway to and Collection  
Center for Southeastern States

Send Us Your Items

**"ON TO RICHMOND"**

1, 1885. He entered St. Francis Xavier College, but left before graduation to study law in the office of Austin and McClanahan, where he remained only a few months. In January, 1905, he became an office boy in the receiving teller's department of the Guaranty Trust Company. Later he worked in the loan and collection departments, becoming collection clerk in 1910. A year later he became assistant auditor and in 1912 assistant loan clerk. In 1913 he became assistant head of the division of individual trusts in the trust department. In 1908 Mr. Murray began studying law at the night sessions of the New York Law School and received his LL.B. degree in 1911. He was admitted to the bar that same year. In 1915 he became assistant resident attorney and two years later resident attorney, having charge of all the inside legal work of the company, both at the main office and the Fifth avenue and Madison avenue offices. He will continue this work.

#### INVESTMENT INFORMATION

The bond department of the Equitable Trust Company of New York has issued an interesting pamphlet, showing in graphic form the price range and yield of standard railroad bonds from 1913 to 1918, and outlining the many investment opportunities available among the underlying bond issues of re-organized railroads.

#### ANNIVERSARY OF MERCANTILE TRUST AND DEPOSIT COMPANY

The Mercantile Trust and Deposit Company, of 115 Broadway, New York, completed the first year of its business existence April 30, 1918, with deposits of approximately thirteen million dollars.

The progress of this company has been watched with interest in financial circles, on account of the connections of its board of directors, which is composed of the younger group of bankers and business men.

Officers of the company are: Chellis A. Austin, president; Charles D. Make-

peace, vice-president; H. D. Campbell, vice-president and secretary; J. C. Tra-phagen, treasurer; John A. Burns, assistant secretary; Cornelius J. Murray, assistant treasurer; Peter S. Duryee, assistant to the president.

#### ASSISTANT CASHIER ATLANTIC NATIONAL, NEW YORK

John H. Brennen, who has been manager of the credit department of the Atlantic National Bank, New York, for



JOHN H. BRENNEN  
Assistant Cashier Atlantic National Bank, New York

the past two years, has been appointed assistant cashier.

Mr. Brennen is well known in banking circles, having been for fifteen years with the Citizens National Bank of New York. He is regarded as an authority on credits and has lectured before the American Institute of Banking on this subject.

#### LIBERTY LOAN SUBSCRIPTIONS IN THE PHILIPPINES

Advices have been received by the New York Agency of the Philippine



# The Chemical National Bank of New York

(Established 1824)

Capital Stock (paid in) .....	\$300,000	
Capital Stock (earned) .....	2,700,000	\$3,000,000
Surplus and Profits (earned) .....		9,212,897

**TOTAL CAPITAL, SURPLUS AND PROFITS.....\$12,212,897**

## A Bank for Banks, Manufacturers, Wholesalers and Retailers

With the ripened experience of a century of conservative banking, this institution today offers every modern facility; keeping pace with the broadening times, and yet retaining its long established reputation for conservatism and soundness. It is now **SEEKING NEW BUSINESS ON ITS RECORD.**

Interest paid on balances of Banks, Time  
Deposits, and Special and Reserve Accounts

Herbert K. Twitcheil, President  
Percy H. Johnston, Vice-President  
Francis Halpin, Vice-President  
I. B. Hopper, Vice-President  
Edward H. Smith, Cashier

James L. Parson, Assistant Cashier  
J. G. Schmelzel, Assistant Cashier  
John B. Dodd, Assistant Cashier  
Samuel T. Jones, Assistant Cashier  
H. M. Rogers, Mgr. Foreign Dept.

### DIRECTORS

Frederic W. Stevens Robert Walton Goelet  
W. Emlen Roosevelt Charles Cheney  
Arthur Iselin

Frederic A. Juilliard Herbert K. Twitcheil  
Ridley Watts Percy H. Johnston  
Charles A. Corliss

National Bank in the Woolworth building to the effect that the Philippine Islands had subscribed \$4,625,000 to the Liberty Loan. This includes the bank's share in the loan, which amounted to \$500,000 and is fifty per cent. over the quota which was allotted to the Islands. The Philippines' quota was \$3,000,000.

### BANK DEPOSIT GUARANTY OPPOSED

Members of the New York Clearing-House Association have unanimously signed a protest against the passage of Senate Bill 4426, which provides for the guaranty of bank deposits. Here is what they have to say on the subject:

"Senate Bill 4426 now pending in the United States Senate puts a premium upon incompetence. It proposes that the Government of the United States guarantee all deposits in national banks of \$5,000 and less, and that the Government guarantee up to \$5,000 in all deposits in excess of that amount; of course this guarantee is to be made good at the expense of the conservatively managed and successful banks.

"Should such a proposition be enacted into law, any national bank, however inexperienced its official managers, however limited its capital resources compared to the field of its activities, however given to risky adventure, however venturesome in buying deposits by paying excessive rates of interest, however wanting in the proven qualities which time and experience have shown to be indispensable to successful bank management, such a bank would, nevertheless, be able to solicit business truthfully claiming that their deposits were protected, as above stated, by the combined financial strength of the whole national system. Good banks would thus be compelled to give of their strength to induce the creation of and then to support incompetent rivals.

"Such a proposition is in violation of common justice and common fairness. The stockholders in a bank in one locality would be mulcted in loss to compensate for the mismanagement of banks hundreds or even thousands of miles distant and over which no mutual control or relationship exists.

"Our people should be allowed to exercise wholesome discrimination in the banks they select, as well as in their business activities in general. Individuality and individual initiative are cardinal qualities of success, and these qualities would be impaired if people are to be taught by legislation to rely

# Kings County Trust Company

City of New York, Borough of Brooklyn

Capital \$500,000 Surplus \$2,000,000 Undivided Profits \$800,000

## OFFICERS

JULIAN P. FAIRCHILD,  
WILLIAM HARKNESS,  
D. W. McWILLIAMS,  
WILLIAM J. WASON, JR.,

JULIAN D. FAIRCHILD, *President*

*Vice-Presidents*

THOMAS BLAKE, *Secretary*  
HOWARD D. JOOST, *Assistant Secretary*  
J. NORMAN CARPENTER, *Trust Officer*  
GEORGE V. BROWER, *Counsel*

ACCOUNTS INVITED.

INTEREST ALLOWED ON DEPOSITS.

upon the Government to help them in their ordinary individual transactions and in the exercise of ordinary judgment.

"The said bill is wrong in principle; it imposes an unjust burden upon conservative bank management, and would exercise a deleterious influence upon every community, should it become law."

## CHANGE IN GASTON, WILLIAMS & WIGMORE

The elimination of two of the three founders of the business of Gaston, Williams & Wigmore, Inc., and the entrance of powerful new financial interests were announced recently following a meeting of the directors at the Guaranty Trust Company. William H. Williams and J. A. Wigmore, both of whom have served as vice-presidents and members of the board, are the retiring officials.

It was announced that Hornblower & Weeks, who have a firm member on the board in James J. Phelan of Boston, had purchased a substantial amount of the holdings of Messrs. Williams and Wigmore for new interests in the company. Harry Payne Whitney and G. M. Dahl, the latter a vice-president of the Chase National Bank, succeeded the retiring directors on the board, and another new member will be added to represent the new stockholders.

The firm of Gaston, Williams & Wigmore was formed on October 10, 1914, to handle a large export business which had been obtained by George A. Gaston from foreign Governments immediately following the outbreak of the war. As the business expanded, the company was incorporated with 300,000 shares of stock of no par value, and entered the steamship field. The company has re-

cently completed a five-story building for its own use at 39 Broadway.

## NINETY-SEVEN PER CENT IN THE CHORUS

The Liberty Loan committee of the Second Federal Reserve District offered a flag to the bank which should have the largest percentage of its officers and employees singing in the chorus at two rehearsals at the Liberty Land show and at the Library. The flag was won by the Metropolitan Trust Company of New York, which had an average attendance of 97 per cent. When the body marched up to take its place on the Library steps it was preceded by the Liberty Loan 100 per cent. honor flag; every officer and employee of the company's main and Fifth avenue offices subscribed to the Third Liberty Loan.

## NEW DISCOUNT BANK

"The Discount Company of New York" is to be the title of the new discount bank now being organized in New York city. It will have a capital of \$5,000,000 and surplus of \$1,000,000. The organization committee has applied for a charter at Albany.

The large banks and trust companies of this city will be invited to contribute to the stock at \$120 a share. Among the initial institutions to subscribe are the National City Bank, National Bank of Commerce, First National Bank, Mechanics and Metals National Bank, Chase National Bank, Guaranty Trust Co., Bankers Trust Co. and J. P. Morgan & Co. As new institutions join

**"The Bank That Service Built"**

**THE**

# **SEABOARD NATIONAL BANK**

**OF THE CITY OF NEW YORK**

<b>Capital</b>	<b>\$1,000,000</b>
<b>Surplus and Profits (Earned)</b>	<b>3,598,000</b>
<b>Deposits</b>	<b>60,453,000</b>

<b>S. G. BAYNE, President</b>	
<b>C. C. THOMPSON, Vice-President</b>	<b>O. M. JEFFERDS, Asst. Cashier</b>
<b>B. L. GILL, Vice-President</b>	<b>C. C. FISHER, Asst. Cashier</b>
<b>W. K. CLEVERLEY, Vice-President</b>	<b>J. D. SMITH, Asst. Cashier</b>
<b>L. N. DeVAUSNEY, Vice-President</b>	<b>B. I. DADSON, Asst. Cashier</b>
<b>H. W. DONOVAN, Cashier</b>	<b>J. E. ORR, Asst. Cashier</b>

<b>DIRECTORS</b>		
<b>SAMUEL G. BAYNE</b>	<b>HENRY C. FOLGER</b>	<b>JOSEPH SEEP</b>
<b>WILLIAM K. CLEVERLEY</b>	<b>BENNETT L. GILL</b>	<b>CHARLES C. THOMPSON</b>
<b>EDWARD J. CORNISH</b>	<b>EDW. H. R. GREEN</b>	<b>WILLIAM H. WOODIN</b>
<b>MICHAEL J. DEGNON</b>	<b>PETER McDONNELL</b>	<b>DAVID H. E. JONES</b>

**The success of this bank is founded upon a policy of painstaking, efficient and courteous service to all**

**ACCOUNTS INVITED**

they will share in the participation of the original subscribers. The latter are sharing equally in the stock to be offered.

#### AN IMPORTANT DOCUMENT

"Laying the Rails for Future Business," an address delivered before the annual meeting of the Chamber of Commerce of the United States, by Francis H. Sisson, vice-president of the Guaranty Trust Company of New York, is attracting wide attention at the hands of thoughtful people of the country. In the work of preparing for the future Mr. Sisson struck a responsive chord when he gave utterance to the words in that address, and it is hoped that all will profit by their absorption.

#### BANKS TO FINANCE OUR FUTURE ABROAD

Albert Breton, vice-president in charge of the foreign department of the Guaranty Trust Company, is out with an article in the "Railway Age," in

which he favors the forming of affiliations or partnerships with separate banks as being more effective in promoting foreign trade after the war than the establishment of foreign branches. He presents arguments tending to show that the larger banks, with their better facilities, can the more effectively do the business and how the exports employed in these banks can greatly assist the merchants and manufacturers in the solution of their problems.

#### MR. FORBES DECLINES

The president's nomination to be one of the four directors of the War Finance Corporation has been declined by Allen B. Forbes of New York. He has made the statement that his declination was because of his business affiliations. Mr. Forbes consented to serve on the advisory committee of the capital issues committee and helped to organize that body, which has been a voluntary one without compensation or official standing. He advised Secretary McAdoo



## 100 YEARS OF COMMERCIAL BANKING

**LOUIS G. KAUFMAN**  
President

**FRANK J. HEANEY**  
Vice-President

**WILLIAM H. STRAWN**  
Vice-President

**NORBORNE P. GATLING**  
Vice-President

**H. A. CLINKUNBROOMER**  
Vice-President

**ROLFE E. BOLLING**  
Vice-President

**WALLACE T. PERKINS**  
Vice-President

**WALTER B. BOICE**  
Asst. Cashier

**VINTON M. NORRIS**  
Asst. Cashier

**RICHARD H. HIGGINS**  
Vice-President

**BERT L. HASKINS**  
Vice-Pres. and Cashier

**C. STANLEY MITCHELL**  
Vice-President

**MAX MARKELL**  
Vice-President

**GEORGE R. BAKER**  
Vice-President

**HENRY L. CADMUS**  
Asst. Cashier

**HENRY C. HOOLEY**  
Asst. Cashier

**JOSEPH BROWN**  
Asst. Cashier

**GEORGE M. HARD**  
Chairman

ACCOUNTS INVITED

**Total Resources over \$90,000,000**

that he was prepared to make all kinds of personal sacrifices and would be willing to remain in Washington and work without compensation and without an official title, but that he felt he could not under any circumstances assume a Government position such as a director of the finance corporation.

### NEW YORK BANKER AMONG THE KILLED

While fighting over the German lines in France in an aeroplane James E. Miller, vice-president of the Columbia Trust Company, New York, was killed. Mr. Miller was a captain in the aviation corps. He was thirty-five years of age, a graduate of Yale and a well-known football player. He began in the banking business as a clerk in the uptown office of the Knickerbocker Trust Company. Afterward he became assistant secretary, and when the merger was effected with the Columbia Trust Company he was elected vice-president.

### NEW DIRECTOR OF THE ATLANTIC NATIONAL BANK

William H. Gregory, who is connected with the firm of Kountze Brothers, has been elected a director of the Atlantic National Bank of New York. Victor Lersner has been appointed a

member of the executive committee of the bank.

### BALTIMOREAN COMES TO NEW YORK

Harry M. Campbell has resigned the position of secretary and treasurer of the Colonial Trust Company of Baltimore and accepted a position with the National City Company, a subsidiary of the National City Bank of New York. He has been in the service of the Baltimore institution for twelve years.

### BACK TO NEW YORK FOR A SHORT STAY

John G. Lonsdale, president of the National Bank of Commerce in St. Louis, was in New York a short time ago, shaking hands with old friends. His bank is the largest in the St. Louis Federal Reserve district.

### LUTHER KOUNTZE DEAD

Luther Kountze, who was senior member of the banking-house of Kountze Brothers, died in New York in April. He was sixty-six years of age. He was a banker practically all his life. He was the founder and for several years the president of the First National Bank of Omaha, Neb., and later of the Colorado National Bank at Denver.

# IMMEDIATELY RESPONSIVE

The working force of this bank is a compact, highly trained group of people, firmly grounded in the best traditions of commercial banking.

Such an organization is immediately responsive to any reasonable demand made upon it.



## ATLANTIC NATIONAL BANK NEW YORK

### ROBERTS DOES NOT FAVOR SHIPPING BANKS

Some New York bankers do not favor the establishment of banks in this country to look after the shipping interests after the close of the war. George E. Roberts, assistant to Frank A. Vanderlip, president of the National City Bank, says:

There can be no difference of opinion as to the importance of developing our merchant marine to a point where we will possess something like our old-time share of the world's carrying trade, and of maintaining this position in the years following the war. It is difficult, however, to make an effective appeal at this time to our people to invest their money in shipping companies.

The situation in this country as regards shipping investments is very different from what it is in the Scandinavian countries, Holland, Japan, or Great Britain. Maritime interests have long been predominant in these countries. Shipping interests are familiar to the people—common and popular—while shipping investments have been practically unknown to the body of our people for the last two generations. At present,

notwithstanding a general recognition of the importance of building up our maritime interests, the situation is not encouraging to individual investors.

American shipping ventures outside of the coastwise trade have not been profitable, and our legislation affecting the shipping interests has been so long unfavorable that opinion among investors has been definitely fixed against this line of enterprise. This was the situation following the passage of the I. A. Follette Act and before the outbreak of the war. As a result of the war we have the Shipping Act, and the Shipping Board, which now dominates the situation. The Board is building ships upon a tremendous scale and has command of all the shipbuilding facilities.

There is no chance at present for private enterprise to get into shipbuilding operations even if anyone desires to do so. Evidently it would be premature for bankers to lay plans for promoting private shipbuilding until the permanent policy of the Government toward our merchant marine shall have been determined. At the end of the war the Government through the Shipping Board will be in possession of a great fleet of merchant vessels, and it is not likely that private investors will care to put their capital into shipping to be operated in competition with the Government vessels, at least

<b>Deposits—September 20, 1916</b>	<b>\$7,484,024.47</b>
<b>Deposits—March 14, 1918</b>	<b>17,059,219.44</b>

(This is not result of consolidation)

# Citizens Commercial Trust Company

BUFFALO, N. Y.

**Capital and Surplus - \$2,500,000.00**

**MEMBER FEDERAL RESERVE SYSTEM**

until time enough has elapsed to demonstrate what opportunity there will be for private enterprise to operate successfully.

the acceptances bought must be those of banks having their principal place of business in the State of New York.

## INCREASING THE SALE OF THRIFT STAMPS

Frederick W. Allen, state director for War Savings in New York, has issued the following statement: Agencies established, 32,540 as of April 8. War Savings societies established up to date, 1,405. Number of pages of advertising previously received, 121, and half pages, 44. Number of pieces of literature and supplies from the distributing department shipped to date, 19,597,622. Number of members registered to date in the Government War Savings Limit Investment Society, 814. War Savings and Thrift Stamps sold April 6 in Greater New York amounted to \$135,842.75, and the average daily sales for 124 days since December 3 in New York amounted to \$70,061.52, making total net sales of Thrift Stamps to date in New York, \$8,845,869.04.

## BANK BILL SIGNED BY GOVERNOR WHITMAN

The bill permitting savings banks in New York State to make investments in bankers' acceptances to the extent of five per cent. of their deposits has been signed by Governor Whitman. According to the latest available figures, the deposits of the savings banks aggregate \$2,000,000,000. and consequently they will be able to purchase acceptances to the amount of \$100,000,000. Under the provisions of the new law

## THANKING ITS HELPERS

"We thank you who have so splendidly coöperated with this company in contributing to the success of the Third Liberty Loan," writes the United States Mortgage and Trust Company of New York to its big list of customers and friends. The company made a magnificent record in the sale of the bonds, and cordially acknowledges the assistance received from its friends.

## MILITARY OFFICE FOR MARTIN EGAN

Martin Egan, of J. P. Morgan & Co., is to join the staff of General Pershing to assume the duties of advising General Pershing on matters of censorship. Mr. Egan was a correspondent of the Associated Press before becoming connected with J. P. Morgan & Co., and has lately been associated with Henry P. Davison in the management of the Red Cross.

## MR. MORROW RETURNS

Dwight W. Morrow, of J. P. Morgan & Co., who has spent several months in Europe, has returned to New York. Mr. Morrow has been in Europe as special counsel to Congressman Stevens of New Hampshire, member of the United States Shipping Board and chairman of the Allied Maritime Transport Council. Members of this body have been meeting in London and Paris

and their duties have been in connection with the shipping situation of the allied interests.

#### PAYMENTS OF EXCESS PROFITS

The following letter has been sent to the bank presidents of the Second Federal Reserve district by Benjamin Strong, Governor of the Federal Reserve Bank:

To the President:

Dear Sir—Referring to the issue of four per cent. United States certificates of indebtedness, dated January 2, 1918, due June 25, 1918, which are receivable in payment of income and excess profits taxes as announced in our circular of December 18, 1917, the Secretary of the Treasury has announced that, to relieve subscribers from the necessity of paying so much on account of accrued interest, there may now be obtained from Federal Reserve banks certificates identical in all respects with those dated January 2, except as to date of issue, which will be April 15, 1918, and from which date they will bear interest.

Until further notice subscriptions received in accordance with our circular of December 18, 1917, will be understood to refer to United States four per cent. certificates.

#### ANNUAL DINNER OF THE PARK BANK CLUB

The fourth annual dinner of the Park Bank Club, composed of the staff of the National Park Bank of New York, held recently, was attended by more than 200 members, including officers and directors of the institution. W. W. Major, president of the club, acted as toastmaster, and President Delafield made an address on good fellowship.

#### BANKING CONVENIENCES WHILE ABROAD

Members of American Expeditionary forces and American business men preparing to extend their trade with France after the war have been informed that the Irving National Bank of New York has entered into a close reciprocal agreement with Messrs. Cox & Co. (Limited), bankers, of Paris, whereby each institution will act as the principal representative and correspondent of the other in its respective country.

As a result of this new arrangement

### Resources

**\$17,000,000.00**

**If intelligent handling of items and low rates appeal to you send us your Buffalo business**



**Try our Service**  
**and you will be entirely satisfied**

**A. D. BISSELL, President**  
**C. R. HUNTLEY, Vice-Pres.**  
**E. H. HUTCHINSON, Vice-Pres.**  
**E. J. NEWELL, Vice-Pres.**  
**HOWARD BISSELL, Cashier**  
**C. G. FEIL, Asst. Cashier**  
**A. J. ALLARD, Asst. Cashier**  
**G. H. BANGERT, Asst. Cashier**

# Converting Deposits Into Reserve

is the present day test of your ability to turn a losing account into one of profit.

The best collection system is the one that converts out-of-town checks into available cash in the shortest time.

The transit department of this bank receives and despatches mail 24 hours each day.

*Send for our booklet*

**"The Transfer of Reserves  
To Federal Reserve Banks"**

## THE Philadelphia National Bank

(ORGANIZED 1863)

members of the American expeditionary forces will be provided with facilities for cashing their personal checks in any town in France. Messrs. Cox & Co. (France), Ltd., are the official army bankers for the British Government and thoroughly acquainted with the requirements of men on active military duty. They have an experienced organization and a network of facilities throughout France, including several in the war zone.

The plan as a whole affords both institutions unusual opportunities for obtaining first-hand information on Franco-American trade conditions and is similar to one recently effected between the London Provincial and South Western Bank, Ltd., London, and the Irving National Bank. It is the outgrowth of a policy on the part of the Irving National Bank to provide improved American banking facilities in world commercial centers, utilizing established organizations of leading foreign banks whose numerous branches keep them in close touch and familiar

with local conditions. It is adapted from methods found by European bankers to be the most effective means of coördinating trade relations between different countries, and its bearing upon the development of American world trade after the war should be most important.

CHARLES L. FARRELL

At the convention of the New Jersey State Bankers Association, held at Atlantic City, May 17 and 18, Charles L. Farrell, president of the National Newark and Essex Banking Company, Newark, N. J., was elected a member of the association's executive committee for the full term of three years.

As president of the National Newark and Essex Banking Company—New Jersey's oldest and largest bank—Mr. Farrell occupies an important position in the financial world. The statement of May 10 showed that the capital of this bank is \$2,000,000; surplus and undivided profits, \$2,063,128; deposits,



## EQUIPPED FOR SERVICE

Located in a modern building with every facility for the efficient handling of its business, this bank is in a position to offer you prompt and adequate service in your Philadelphia banking transactions.

**UNION  
NATIONAL  
BANK**



**PHILADELPHIA**

Resources over  
**\$16,000,000**

\$40,783,433, and total resources, \$46,451,379.

This bank takes special pride in the fact that the institution and its customers subscribed \$13,381,000 to the Third Liberty Loan.

### PHILADELPHIA NATIONAL

The Philadelphia National Bank's May 10th statement shows: Capital, \$1,500,000; surplus and net profits, earned, \$5,877,779.51; letters of credit and acceptances, \$12,421,150.14; acceptances of other banks sold, \$5,532,063.68; deposits, \$109,379,726.72; total resources, \$137,696,975.28.

### FRANKLIN NATIONAL BANK, PHILADELPHIA

Total resources of the Franklin National Bank of Philadelphia on May 10 were near the seventy-million mark—\$69,195,586.42—while deposits were \$60,794,669.18; surplus was \$3,250,000 and undivided profits, \$892,731.18. Since moving into the new building,



**C. L. FARRELL**  
President National Newark and Essex Banking  
Company, Newark, N. J.

# INDUSTRIAL TRUST COMPANY

PROVIDENCE, R. I.

Assets over . . \$70,000,000

SAMUEL P. COLT, Chairman of the Board of Directors

	H. MARTIN BROWN, President	
JOSHUA M. ADDEMAN	Vice-President	HENRY B. CONGDON . . . Secretary
JAMES M. SCOTT	Vice-President	J. CUNLIFFE BULLOCK . . . Trust Officer
FRANK C. NICHOLS	Vice-President	ELMER F. SEABURY . . . Assistant Treasurer
SAMUEL M. NICHOLSON	Vice-President	HARRY C. OWEN . . . Assistant Secretary
WARD E. SMITH	Treasurer	HENRY C. JACKSON . . . Assistant Secretary

Chestnut street, west of Broad, the Franklin National has considerably advanced its rate of growth, which has always been of a character to indicate the energy and sound judgment of the management.

CORN EXCHANGE NATIONAL DEPOSITS  
NEAR \$50,000,000

President Calwell's energetic policy is causing the deposits of the Corn Exchange National Bank of Philadelphia to mount up steadily, the total as of May 10 being \$47,895,548.99. On this date the surplus and earned net profits were \$2,696,146.50. Total resources were \$58,228,246.94.

UNION NATIONAL BANK, PHILADELPHIA

Progress of a very satisfactory character is being made by the "Neighborhood Bank," which is the term by which the Union National Bank of Philadelphia is known in its vicinity. The statement of May 16th shows:

Total resources of \$16,435,394.09, which compares with \$13,779,686.15 of March 4.

In this same period there has been quite a substantial advance in the deposits and also in the net profits account, the latter now amounting, together with the surplus, to \$620,835.06, or more than \$120,000 in excess of the capital.

The Union National Bank occupies a very attractive modern building of its

own, is well officered, and is managed with careful reference to the banking needs of its large clientele.

The growth indicated above shows that this institution is meeting adequately the requirements for banking service in its own neighborhood.

GIRARD NATIONAL'S DEPOSITS UP

Deposits of the Girard National Bank of Philadelphia, as per the Comptroller's call of May 10, were \$79,501,577.91—an increase of some \$8,000,000 since the statement of March 4. Total resources are now \$101,611,819.75. Surplus and net profits were \$5,477,761.08 at the date of the latest call.

FOURTH STREET NATIONAL BANK,  
PHILADELPHIA

The statement of the Fourth Street National Bank, Philadelphia, May 10, 1918, showed the following items:

Capital .....	\$3,000,000.00
Surplus .....	6,000,000.00
Net profits .....	964,249.00
Reserve for interest.....	65,000.00
Circulation .....	493,400.00
Letters of credit and acceptances .....	2,113,222.00
Deposits .....	70,899,295.59
Total resources .....	83,535,166.00

Loans and discounts on the date named were \$53,781,563; due from banks \$14,443,110 and cash and reserve \$11,040,238.



# UNION COMMERCE *National Bank* OF CLEVELAND

**Capital \$4,000,000**

**Surplus 2,000,000**

*"Expeditious Service now—  
Long Experience taught Us How"*

WARREN S. HAYDEN, Chairman of the Board

GEORGE A. COULTON, . . . President  
GEORGE S. RUSSELL, . . . Vice-President  
WILLIAM E. WARD, . . . Vice-President  
ELMER E. CRESWELL, . . . Vice-President  
WILLIAM C. CAINE, . . . Vice-President

WALTER C. SAUNDERS, . . . Cashier  
HARRY E. HILLS, . . . Asst. Cashier  
CARL R. LEE, . . . Asst. Cashier  
FRANK A. WHITE, . . . Asst. Cashier  
FRED. W. COOK, . . . Asst. Cashier

## ORGANIZED TWO YEARS—ALREADY A SUCCESS

Although organized a little more than two years ago, the Park Trust Company of Worcester, Mass., already has total assets of more than \$3,700,000. Plans are being made for doubling the size of the banking rooms and providing increased facilities in all departments.

## DEATH OF MONTGOMERY ROLLINS

On April 18 Montgomery Rollins, a well-known retired banker and financial writer, died at his home in Boston. He was fifty-one years of age. He began his business career in the house of E. H. Rollins & Co., of Concord, N. H., the city of his birth. He became a member of the Boston firm of E. H. Rollins & Co., in 1889, where he remained until 1898, when he organized the firm of Montgomery Rollins & Co. Four years later he retired from business and devoted his time to the writ-

ing of financial treatises. He was the author of "Money and Investments," "Municipal and Corporation Bonds," "Stocks and Their Market Places" and "Laws Regulating the Investment of Bank Funds." Mr. Rollins was a member of the New Hampshire State Committee of the Liberty Loan Campaign and chairman of the commission caring for the war dependents of the state.

## NEW BANK IN BOSTON

The Winthrop Trust Company of Winthrop (P. O. Boston) has been granted a charter by the State Board of Bank Incorporation. The company will have a capital of \$125,000 and will open for business in July.

## NEW BANK AT LYNN, MASS.

The State National Bank of Lynn, Mass., has been granted a charter by the Comptroller of the Currency. The bank has a capital of \$200,000.

**SEND YOUR BUSINESS**

ON THE  
**Twin Cities** AND THE **Northwest**

TO THE

**CAPITAL AND SURPLUS  
TEN MILLION DOLLARS**



*We are prepared to meet your most exacting requirements and cordially invite you to write to us*

**FIRST NATIONAL CORPORATION OF BOSTON**

The First National Bank of Boston has brought into existence the First National Corporation, an organization which will operate as an auxiliary of the First National Bank in the promotion of foreign trade.

The paid-in capital stock will all be

owned by the First National Bank and will amount to \$2,250,000. All the officers and directors of the new corporation will be selected from the officers and stockholders of the bank.

This organization will give to the First National Bank greatly improved facilities for handling its already large and rapidly growing foreign business. As occasion may require, branches of the new corporation will be established both in this country and abroad.

**B/L BANK of CHICAGO**



We collect direct Bill of Lading items on every shipping point in the United States and Canada. A special department handles these items with minimum time and cost.

We invite correspondence with any bank or shipper handling a volume of this class of items.

**UNION TRUST COMPANY  
CHICAGO**

*Strictly a Commercial Bank  
Established 1869*

**H. M. BYLLESBY & CO.'S WAR RECORD**

The well-known firm of H. M. Byllesby & Co., Chicago, may well be proud of the record of having 430 employees in war service. Many of the men went in as experts in the signal corps, engineering corps, medical department and in the navy. H. M. Byllesby is himself serving as a lieutenant-colonel in the administration division of the United States signal corps.

**FEDERAL RESERVE BRANCH AT PITTSBURGH**

The Pittsburgh branch of the Federal Reserve Bank of Cleveland is doing a good business. George De Camp is manager. The branch has been admitted to the Pittsburgh Clearing House Association, and receives checks and drafts for collection from member banks. The territory of the Pittsburgh branch comprises all portions of Pennsylvania and West Virginia included in District No. 4. Member banks outside the territory mentioned will not change their relations with the parent

# Is It Not Sound Policy

to send your Baltimore business to the bank whose half century of experience gives assurance of efficiency and strength?

For the handling of collections and all other banking business, this institution is admirably equipped.

Large capital, surplus and resources enable this bank to offer you complete banking facilities and services which are real and not visionary.

## The National Exchange Bank Baltimore, Md.

*Capital & Surplus, \$2,500,000    Resources, \$15,235,000*

WALDO NEWCOMER, President

SUMMERFIELD BALDWIN, Vice-Pres.

CLINTON G. MORGAN, Cashier

JOSEPH W. LEFFLER, Asst. Cash.

WILLIAM R. WEBB, Asst. Cash.

bank in Cleveland, and member banks within the Pittsburgh branch territory may suit themselves about dealing with the branch if they find it more convenient and advantageous than dealing with the Cleveland institution.

### HOW THEY DO IT IN OTTAWA, ILL.

Ottawa, Illinois, which was allotted the task of raising \$348,503 for the third Liberty Loan, reports that by April 20 there was subscribed, without any solicitation, \$122,300, or \$73,797 more than the quota. "The people," states Mr. Griggs, chairman of the Liberty Loan Committee, "were asked to show their patriotism by coming forward voluntarily, without solicitation other than in the newspapers, and they loyally embraced the opportunity, with the above result."

### HOW MINNEAPOLIS DID IT

The Ninth Federal Reserve District (Minneapolis) made its great Liberty Loan drive successful with a perfect

organization, under the leadership of Arthur R. Rogers and the officials of the Federal Reserve Bank. The district exceeded its quota in less than one week. They're clear-grit Americans up in that part of the country.

### CHICAGO AFTER U. S. CERTIFICATES

Four thousand six hundred banks, out of 5,532 institutions in the Seventh Federal Reserve District (Chicago), have subscribed to certificates of indebtedness on the offering which closed recently. There were 332 banks came in that never had subscribed before. The aim of the sales organization now is to make the district 100 per cent. perfect.

### GOOD SHOWING FOR THE FIRST NATIONAL OF CHICAGO

A new service flag has been unfurled in the main banking-room of the First National Bank of Chicago. The new flag has 105 stars, a showing equal to



## What Do Bankers Want?

Years ago, in seeking to increase our business with banks, we answered that question for ourselves.

### BANKERS WANT SERVICE—

Individual, Prompt, Efficient Service.

We have therefore specialized on Service—and the volume of our deposits from banks is now larger than that of any other institution West of the Mississippi River.

WRITE US—CALL ON US

## The National Bank of Commerce

### IN ST. LOUIS

**Capital, Surplus and Profits, \$13,000,000.00**

**JOHN G. LONSDALE, President**

**W. B. COWEN, Vice-President**

**J. A. LEWIS, Vice-President and Cashier**

**R. F. McNALLY, Vice-President**

sixteen per cent. of the male employees of the bank.

#### SEED-CORN SYNDICATE COMPOSED OF BANKERS

A syndicate for the purpose of financing the supplying of seed-corn for the farmers of Illinois was organized by Chicago bankers. The syndicate acted in coöperation with the State Council of Defense, and made available \$1,100,000 for the purpose of financing seed-corn operations. Seed-corn with germinating power was resold to farmers.

#### NUMEROUS BANK BUILDING OPERATIONS BEING CARRIED OUT

Hoggson Brothers, the New York and Chicago builders, have begun work on remodelling and enlarging the banking quarters of the People's Bank and Trust Co., Passaic, N. J., the Wyandotte Savings Bank, Wyandotte, Mich., Security Insurance Co., New Haven, Conn., and the Home National Bank,

Ellenville, N. Y. Work on a new individual bank building is soon to be begun for the First National Bank of Bryan, Texas. Operations on the Lockwood National Bank, San Antonio; First State Bank, Pittsburg, Kan.; Farmers National Bank, Longmont, Colo.; Fayette Bank and Trust Co., Connersville, Ind.; First National Bank, Ardmore, Okla.—all in course of erection by Hoggson Brothers—as well as a number of smaller operations, are proceeding rapidly.

This building organization says that many banks, crowded for space, due to greatly increased business during the last few years, are turning to scientific remodelling and rearrangement as a solution of their immediate building problems.

#### SUCCESSFUL SALES DIRECTOR

George H. Dunscomb, Federal Reserve Director of sales for the campaign in Indiana, includes this sentence in his report: "Indiana's response to the na-

A state institution, a member of the Federal Reserve System, a Trust Company with seven distinct departments—the Mississippi Valley Trust Company offers banks and bankers unusually comprehensive facilities.

Write for a copy of our latest booklet "Service Complete" giving an outline of the wide scope of our service.

## Mississippi Valley Trust Company

*Capital, Surplus and Profits Over \$8,000,000*

ST. LOUIS

tion's need, as evidenced by the returns in the third Liberty Loan, must be considered satisfactory, achieving a big over-subscription of its quota." Organization upon as permanent a basis as practicable and the broadest possible distribution in the sale of bonds were considered secondary only to volume. So well has the work been done that in only two or three out of sixty-eight counties of the state in the Seventh Federal Reserve District has it been necessary for the banks to underwrite any portion of the quota assigned and the actual number of subscribers is far in excess of the Second Loan, comparing favorably with other states in the district.

A specific instance of intensive work is Lake County—the industrial section at the southern end of Lake Michigan. The county, with a population of approximately 120,000 has 50,000 actual purchasers of bonds totaling over \$6,000,000, or more than double its \$3,000,000 quota. When the character

of this population, representing practically every civilized nation of the world is considered, the achievement is remarkable not only in breadth of patriotic appeal which the bonds carried, but also is indicative of the skill and energy with which the message was brought into the understanding of so conglomerate a mass of humanity.

Mr. Dunscomb, since the first of February, has given his time exclusively to the Liberty Loan work and, as a result, the First National of Chicago will be without its usual representative at quite a number of group meetings and state conventions at which he was a regular attendant.

NEW BUILDING TO HOUSE CONSOLIDATED  
INDIANA BANKS

A merger of the Fayette National Bank and the Farmers and Merchants Trust Co. of Connersville, Indiana, has been consummated. The new banking institution will be known as the Fayette

Established  
1857



60 Years of Con-  
servative Banking

The  
**Mechanics-American  
National Bank**  
of St. Louis

Capital, \$2,000,000

Surplus, \$2,500,000

Resources, \$44,663,000

**A STRONG BANK WITH THE EQUIPMENT, THE EXPERIENCE AND  
THE STRENGTH TO GIVE THE BEST SERVICE**

**ACCOUNTS INVITED**

**WALKER HILL, President**

**FRANK O. HICKS . . . Vice-President**  
**JACKSON JOHNSON . . . Vice-President**  
**EPHRON CATLIN . . . Vice-President**  
**JOSEPH S. CALFEE . . . . . Cashier**

**CHARLES L. ALLEN . . . Asst. Cashier**  
**JAMES R. LEAVELL . . . Asst. Cashier**  
**C. H. CHASE . . . . . Asst. Cashier**  
**RICHARD L. KING . . . Asst. Cashier**

Bank and Trust Co. This announcement clothes the fine building which Hoggson Brothers, the bank building specialists, are erecting at the corner of Sixth and Central streets, with special importance. To this time its erection and future have been mentioned solely as the business of the Farmers and Merchants Trust Co. Now the handsome structure will provide a fitting home for the consolidated banks, and it is scheduled for completion in the fall, when the two banks will take possession and become a solid entity.

**J. D. AYRES IN RED CROSS WORK**

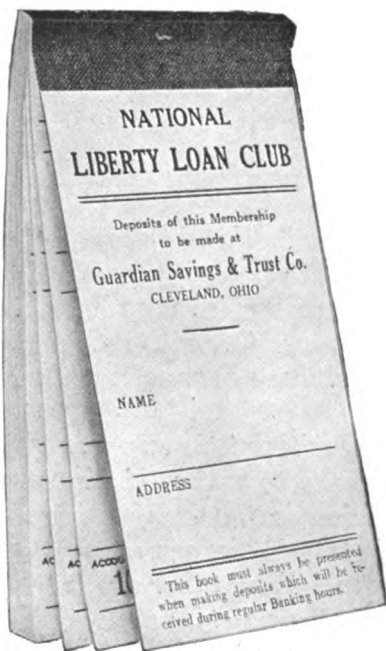
Leave of absence has been granted to J. D. Ayres, vice-president of the Bank of Pittsburgh, N. A., for one year. During that time he will engage in a new phase of Red Cross work in France. "The men who are going to France will keep in touch with the men and from them directly learn of any domestic troubles that may be preying upon their minds," Mr. Ayres said. "The

information will be sent to this country, to the workers in the home service department of the Red Cross, who will see that relief is given. In this way, by showing the soldiers that their loved ones at home are being cared for, we hope to accomplish much good, not only for the men directly affected, but for the entire American force."

**INCORPORATED STATE BANKS IN OHIO**

An abstract of the reports of the 602 incorporated state banks in Ohio, as of March 4, 1918, has just been issued by Philip C. Berg, Superintendent of Banks, which makes a comparative showing with the previous year. On March 5, 1917, there were 586 banks reporting. In 1918, the number had increased to 602, with total resources of \$936,937,322, an increase of \$69,893,230. Capital, surplus and profits amounting to \$107,488,381, reflect an increase of \$9,557,950; deposits aggregating \$816,684,792 show a gain of \$50,398,316 and bills payable, re-dis-

# Liberty Loan Coupon Book



The "last word" in accounting systems for any weekly payment or Club plan—

**Thrift, Liberty Loan,  
Christmas, Etc.**

## DESCRIPTION

The Coupon Book contains fifty pages, each page a stub and detachable coupon. The Receiving Teller with one motion places the depositor's receipt on the stub and the date of deposit on the coupon.

Both stub and coupon bear the amount of deposit and the account number. The coupon is then torn out and becomes the Bank's record of deposit and the stub is the depositor's record.

*Full particulars upon request*

**The Bankers Service  
Corporation**

**258 Broadway . . New York**

counts and other liabilities totaling \$12,-674,148, represent an increase of \$10,-063,964.

There are 177 unincorporated banks in the state, which, according to Superintendent Berg's compilation, have resources totaling \$51,276,863; capital, surplus and profits, \$4,462,957, and deposits aggregating \$45,827,623. The incorporated and unincorporated banking institutions in the state number 779 and have resources totaling \$988,214,185, which compares with 767 in March, 1917, having resources totaling \$910,336,606.

## ARDMORE'S NEW BANK BUILDING

Work on the handsome new building being erected by Hoggson Brothers, the Chicago and New York builders, for the First National Bank, Ardmore, Okla., is progressing rapidly. When completed the building will be one of the finest individual banking structures in the state. Outward it will be imposing

and dignified, following in style the Ionic period of architecture, and constructed of Indiana limestone. Inside the banking-room will be spacious, efficiently arranged, and fitted out with all those modern, labor-saving devices and appliances essential in conducting banking business to-day.

Messrs. Hoggson Brothers have not only designed the First National Bank building, but are erecting it, and will equip, furnish and decorate it, complete, all under one contract, ready for the bank to move in and open for business.

## AN ENERGETIC IOWA BANKER

I. L. Edwards, better known as Lyman Edwards, president of the Merchants National Bank of Burlington, Iowa, is said to have been so active in Liberty Loan work, as district sales director, as to almost forget that he is in the banking business. He simply lost sight of whether Jim Jones was A1 or D. B. in attending to the big business of rounding up the loan.

# SECOND-CLASS POSTAL RATES

## A Protest Against the Zone System and Discriminatory Rate on Advertising

---

*"Will you be good enough to express to the members of the American Newspaper Publishers' Association, now in session, my sincere and warm appreciation of the great service they have rendered to their country by their consistent, unselfish and patient support of the successive Liberty Loans, which have been offered by the Treasury Department.*

*"These loans could not have succeeded without the support of the newspapers, and it gives me great pleasure to make this acknowledgment. An enlightened public opinion is the chief asset of a democracy. By keeping the people of America informed on public events and transmitting word of the financial and other needs of the Government, the American newspapers have performed a public and incalculable service to the Nation. I know that the service will be continued and that the newspapers will do their full share in assisting America to win this war for democracy and justice."—Hon. W. G. McAdoo, Secretary of the Treasury, in telegram to American Newspaper Publishers' Association, recently convened in New York.*

IT is respectfully submitted that the changes in the second-class postal rates provided for in the War Revenue Act (October 3, 1917), Title XI, Section 1101, are impolitic and unjust, on the following grounds:

- (1) In imposing a rate of postage according to the zone system.
- (2) In fixing a discriminatory rate upon the portion of a publication devoted to advertising.

### THE ZONE SYSTEM

By dividing the country into zones for the purpose of determining the rates on second-class mail matter the tendency will be to impair the national character of the publications affected and to render them sectional. This for the

reason that the extra cost of postage in the more distant zones must be added in many cases to the subscription price, thus tending to restrict circulation to the vicinity of the zone in which the office of publication is located.

### OPPOSED TO SOUND PUBLIC POLICY

The wide national circulation of our newspapers and magazines has been a factor of immense importance in disseminating information, in making enlightenment practically universal and in developing a truly national spirit.

It is respectfully represented that the zone system, tending as it indisputably would to the localization and sectionalization of our periodical literature, would be unfortunate at any time and

a public calamity under present conditions.

### DISCRIMINATION AGAINST ADVERTISING

By imposing a greater rate on the portion of a publication devoted to advertising than that on the part devoted to reading matter the section referred to will, if put into effect, tend to curtail and cripple one of the most potent forces in modern business and a factor of incalculable assistance in developing and maintaining our national prosperity.

Legitimate advertising, which constitutes an overwhelming percentage of all advertising, is of benefit to buyers, sellers, producers and manufacturers.

It is a matter of common knowledge that advertisements are justly regarded by those who subscribe for and purchase periodicals and newspapers as of great interest and value. The advertising pages of second-class mail publications render to the people of the country an inestimable service and a discriminatory rate against advertising matter would tend toward restriction of its volume, to the injury of readers and advertisers and direct loss to publishers.

Having just witnessed the vast amount of space devoted to Liberty Loan advertising—much of it donated by publishers and other patriotic citizens—surely the Government will not impose a discriminatory rate of postage against an instrumentality which admittedly helped immensely in making the three past loans a brilliant success and which may be counted on to render effective service in the same direction as often as the Government may require.

### LAW UNNECESSARILY COMPLEX

The division of the country into eight zones, the requirement for a different rate on advertising and the provision of a varying rate for each of the next three

years, add to the uncertainties and perplexities of the publishing business, already contending against numerous difficulties arising from the war.

While the costs of production, of labor and materials have cut into the profits of the publishing business, it is respectfully submitted that if the second-class postal rate must be increased it be done by a plain and simple statute making a flat increase per pound, irrespective of zones or the other complex and injudicious provisions contained in Title XI, Section 1101 of the War Revenue Act.

### GENERAL CONSIDERATIONS

No country in the world has so many newspapers and periodicals circulating over a territory so vast as that covered by the publications issued in the United States. How reverently the influence and beneficial power of a free press were regarded by the Fathers of the Republic was shown when they wrote into the fundamental law of the land—the Constitution of the United States—a prohibition against the enactment by Congress of any law impairing such freedom.

Admitting faults inseparable from all human institutions, it is yet claimed for the publications of the United States as a whole that they represent a high degree of intelligence, fairness and patriotism; that they have been of incalculable benefit to the people in disseminating that information without which no nation can be enlightened, prosperous and free.

If the provision of law under discussion is permitted to go into force, many publications now rendering great public service will be under the necessity of discontinuing altogether.

For the reasons stated, and others which might be adduced, it is respectfully submitted that Title XI, Section 1101, either be repealed or that its operation be suspended until after the war.



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#### AFTER ITS CRITICS

The Federal Farm Loan Board, in a statement recently sent out, charges a group of Kansas mortgage bankers and an unnamed Boston financial weekly with circulating misleading statements to hinder the sale of Farm Loan bonds. The Kansas bankers, says the statement, gathered statistics in their state showing Federal farm loans there total 73 per cent. of the assessed value for taxation of the mortgaged properties and suggested that this condition showed doubtful security for farm loan bonds. The fallacy of the argument, says the farm loan board, is that taxation valuations in Kansas are about two-thirds of actual values.

"The whole matter," says the board, "is of interest only as showing the amount of money which private loaning agencies are willing to spend in efforts

to discredit the federal farm loan system, and the unscrupulous use which they are willing to make of the material they collect."

#### BONDS STOLEN FROM OKLAHOMA BANK

The secretary of Oklahoma Bankers Association, located at 908 Colcord building, Oklahoma City, sends word that the appended list of bonds were stolen from a member bank. It is desired that if the bonds are located, the fact be wired to the secretary.

#### FIRST LIBERTY LOAN CONVERTED FOUR PER CENT BONDS

\$50 140,086 and 7—140,095 to 140,116 inc.  
 \$100 65,533 to 65,547 inc.  
 \$500 19,070 to 19,078 inc.

#### SECOND LIBERTY LOAN

\$50 3,194,044—477,236—4,419,625—3,665,957, 3,665,978 to 80 inc.—679,596—679,526.  
 \$100 2,038,879—2,086,701 to 4 inc. 2,086,739, 2,086,747 to 51 inc. 2,236,081.  
 \$500 352,814—352,838 to 47 inc. 352,849 and 352,850.  
 \$1,000 396,235 to 37 inc. 395,982 and 395,983.

#### AN INTERESTING NAME CONTEST

When the Germania National Bank and the Germania Savings Bank of Charleston, S. C., decided to change their names they instituted a contest, which they opened to the depositors of both institutions, for the purpose of receiving suggestions for new titles, a prize of \$100 being offered the depositor submitting the name agreed finally upon by the directors. There were 1,600 letters received and 354 different names suggested. The names decided upon were the Atlantic National Bank and the Atlantic Savings Bank, and as there were nineteen who suggested that name, each received \$5.26.

#### EDUCATIONAL WORK IN NEW MEXICO

George H. Van Stone, the energetic State Bank Examiner of New Mexico, has sent out to every bank in that state five booklets explaining the usefulness of the trade acceptance. The booklets were published by the Irving National

Bank of New York, and were circulated through the coöperation of the New Mexico Council of Defense.

UNION BANK OF CANADA

R. S. Hodgins, accountant of the Wolseley, Sask., branch of the Union Bank of Canada, has been transferred to the branch at Strassburg as manager. Mr. Carmichael succeeds Mr. Hodgins at Wolseley.

The Union Bank of Canada declared its regular quarterly dividend of  $2\frac{1}{4}$  per cent. payable June 1, to stock of record May 16.

MERCHANTS BANK OF CANADA ABSORBS PRIVATE BANK

The Merchants Bank of Canada has taken over the banking business at Marksdale, Ontario, heretofore conducted by the late William Lucas, under the firm name of William Lucas & Co.

ROYAL BANK OF CANADA

On his recent return from Cuba Sir Herbert Holt, president of the Royal Bank of Canada, stated to "The Financial Post" that the new branch of the bank to be opened in Barcelona, Spain, was a normal outgrowth of the bank's business in the West Indies, but no additions to the present chain is contemplated in the islands just at present. As Cuba grew, however, the bank would extend. The population of the island was 2,500,000 to-day, but it could support 50,000,000, and was being developed. Down there the Royal Bank was known as the "Banco del Canada."

Work on a new six-story building for the bank in Havana was nearing completion as Sir Herbert left.

CHARLES ARCHIBALD, PRESIDENT BANK OF NOVA SCOTIA

Mr. Archibald, president of the Bank of Nova Scotia, has been director of that institution since 1897 and was appointed vice-president in 1899, which office he occupied until January of the present year, when he was elected

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Finger print identification is proving superior to other systems with signatures, test questions, photographs or physical outline charts, and is to-day the most positive and reliable system known.

And isn't it worth while to remember that the courts are construing "due care," as required by law, more conservatively than in the past as applied to savings banks in making payments?

With finger print methods of identification coming into general use, it remains only to choose the best system offered.

The Bauder Inkless System of Identification is more than safe and certain. It is clean and quick. It requires no change in the ordinary equipment of passbooks and signature cards and can be used on letters of credit, checks, certificates of deposit—wherever positive identification is desirable.

The Bauder Inkless System enables a bank to avoid payment on wrong identification; protects depositors as well as the bank; strengthens a bank's reputation and good will; saves the tellers' time and gives customers better service.

The fact that a bank takes finger print records attracts business from foreigners, illiterates and those whose lack of business experience make them distrustful of banks.

Finger print records are almost indispensable in handling the savings accounts of children, and are particularly valuable for inactive accounts in agricultural districts.

Our booklet A. "Finger Prints for Bankers," is promptly sent to any address on request.

### Thirty-Day Trial Free

Write us to-day that you want to make a test of the Bauder System and we will send you an outfit, by prepaid express, to try at our expense for thirty days. After two hours of study with the instruction chart, your teller will find the directions for use so simple that he will be ready to make, read and compare any and all finger prints so satisfactorily that he can without doubt, hesitation or mistake safely pay out money at any time to the right party. If, at the end of thirty days, you are not satisfied, send the outfit back to us, express collect.

We are looking for A-1 men to represent us and will thank you to put us in touch with any good man you can highly recommend.

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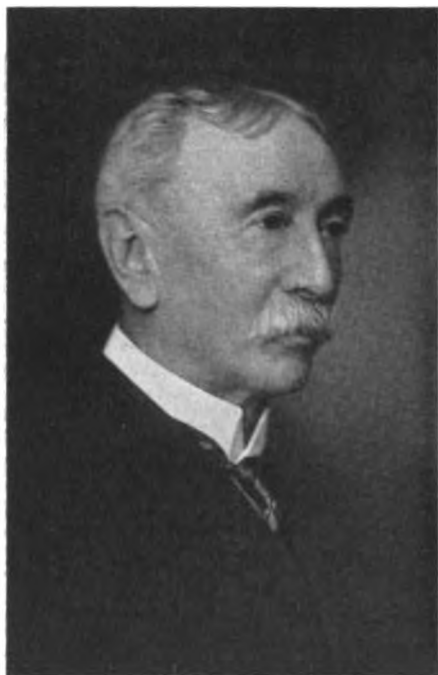
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president. Besides being president of this bank, Mr. Archibald is vice-president of Brandram-Henderson, Ltd., Montreal, and director of the Trinidad



CHARLES ARCHIBALD, ESQ.  
President The Bank of Nova Scotia

Electric Company, Ltd., and also of the Demerarra Electric Company, whose head office is in Halifax, N. S.

## OPENING BRANCH IN SPAIN

The Royal Bank of Canada has opened a branch bank at Barcelona,

Spain, where will be conducted a general banking business, with correspondents throughout Spain. The Royal Bank of Canada, which has a New York agency at the corner of William and Cedar streets, has 365 branches in Canada, besides fifty-six branches in the West Indies and Central and South America.

## CANADIAN BANK CONSOLIDATION APPROVED

The sale of the Northern Crown Bank to the Royal Bank of Canada has been unanimously approved by the shareholders of the former institution, and the transfer of the property will take place as from July 2, July 1 being a Dominion holiday. Under the merger the Royal Bank will get 113 new branches, very few of which will be closed owing to duplication.

## CANADIAN PENSIONS THE HIGHEST

According to evidence submitted to the special committee on pensions of the Canadian House, the pensions paid the Canadian soldiers are the highest of any country in the world. The rates for total disability in the Allied countries are as follows: Canada, \$600; Great Britain, \$350; Australia, \$379; New Zealand, \$305; France, \$240; United States, \$300; Italy, \$243.

## CANADA'S FOREIGN TRADE

According to the May letter of the American Exchange National Bank, of New York, Canada's exports of mer-

chandise in 1917 amounted to \$1,593,-586,049 and her imports to \$1,005,671,-716, leaving a trade balance of about \$588,000,000 in her favor. Her trade with the United States alone resulted in a balance against her and in our favor of about \$425,000,000, according to Washington statistics. On general balance Canada pays her American debts with the proceeds of her exports to the United Kingdom and other countries, and has a large balance still remaining for the prosecution of the war.

#### LIMITING COST OF BANK BUILDINGS

A bill introduced by Representative Glass of Virginia recently passed the lower house of Congress limiting the amount national banking associations may invest in a bank or office building and site to not more than its paid-in and unimpaired capital stock. Other provisions require directors of a national bank to qualify within sixty days after their selection; authorizing the signatures of bank officers to notes of issue to be engraved as well as written, and also requiring banking associations going into liquidation to deposit with the treasury within ninety days, instead of six months, money sufficient to meet outstanding circulation.

#### BIG BALANCES HELD BY NATIONAL BANKS

Information made public by the Comptroller of the Currency contains an analysis of balances carried by all the state banks, national banks and trust companies in the national banks of all the reserve cities and other cities in the United States having a population of 75,000 or more (and embracing 101 cities). It shows that the 543 national banks in these 101 cities held to the credit of other banks, national and state and trust companies, on December 31, 1917, a total of 2,828 million dollars. Of this sum, 146 million dollars had been deposited with these city national banks by banks and trust companies of the New England States; 729 million dollars by banks and trust companies of Eastern States; 459 mil-

## Americanism

This is the only "ism" today, out of the many that beclouded the earlier stages of the war.

To successfully establish in the Hun mind all that it signifies may demand undreamed sacrifice, but the glory of a world freed will make our greatest deprivation seem insignificant in comparison.

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lion dollars by banks and trust companies in the Southern States; 746 million dollars by those in the Middle Western States; 307 millions by banks in the Western States; 240 millions belonging to the banks of the Pacific States, and 201 million dollars was held for the credit of foreign banks and bankers, and banks in Alaska.

#### FINANCE CORPORATION

President Wilson has appointed W. P. G. Harding, of Alabama, now Governor of the Federal Reserve Board; Allen B. Forbes, of Harris, Forbes & Co., New York; Eugene Meyer, Jr., of New York, and Angus W. McLean, of North Carolina, to act as directors of the War Finance Corporation with Mr. McAdoo, who will be ex-officio chairman of the Board. If confirmed by the



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Gloucester, - Mass.

Senate, Messrs. Harding and Forbes will hold office for two years, and Messrs. Meyer and McLean for four years.

[Mr. Forbes has declined to accept the appointment.]

The capital issues committee, as nominated by the President, will consist of Charles S. Hamlin, of Massachusetts; John Skelton Williams, of Virginia; Frederick A. Delano, of Illinois; James B. Brown, of Kentucky; John S. Drum, of California; Henry C. Flower, of Missouri, and Frederick H. Goff, of Ohio. Presumably Mr. John Skelton Williams will continue to act as Controller of the Currency.

### TAX EXEMPTION OF PROMISSORY NOTES

Commissioner Roper has ruled that promissory notes issued on or after April 6, 1918, secured by United States bonds and obligations issued after April 24, 1917, are exempt from internal revenue stamp tax. Collectors have received the following official notice:

Section 301 of the War Finance Corporation Act, approved April 5, 1918, provides:

That no stamp tax shall be required or imposed upon a promissory note secured by the pledge of bonds or obligations of the United States issued after April 24, 1917, or secured by the pledge of a promissory note which itself is secured by the pledge of such bonds or obligations: Provided that in either case the par value of such bonds or obligations shall equal the amount of such note.

The section above quoted operates to exempt promissory notes of the character described therein from stamp tax imposed under Title VIII, schedule A, subdivision 6, Act of October 3, 1917.

You are, therefore, informed that all promissory notes issued and delivered on or after April 6, 1918, and secured by the pledge of any bonds or obligations of the United States issued after April 24, 1917, and all promissory notes issued and delivered on or after April 6, 1918, and secured by the pledge of a promissory note which itself is secured by the pledge of the United States bonds or obligations issued after April 24, 1917, are exempt from aid stamp tax. The bonds mentioned herein include Liberty bonds, as well as other United States bonds and printed obligations.

It should be noted that the above exemption from stamp tax applies only where the



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par value of said United States bonds or obligations so pledged shall equal the amount of the promissory note.

#### MAJOR GENERALS DAVISON AND TAFT

The chairman of the Red Cross war work, Henry P. Davison, recently in Italy inspecting Red Cross operations, is entitled to the military rank of major general while in Europe. An army regulation gives all Red Cross workers with the land and naval forces of the United States military rank while abroad. The order also gives the rank of major general to William Howard Taft, chairman of the central committee of Red Cross.

#### TRADE ACCEPTANCES MAKING GREAT GROWTH

The country is now getting the benefit of the campaign of education which has been under way for some time to bring into general use the trade acceptance as a universal type of bank paper. The number of users is steadily grow-

ing, and will undoubtedly continue to grow as the utility of the acceptances becomes known.

According to Jerome Thralls, secretary of the American Trade Acceptance Council, there are now about 3,500 firms, representing practically every line of industry in America, that are using the trade acceptance and finding it entirely satisfactory. Two large corporations have been formed in New York City to deal in trade acceptances, both foreign and domestic, so there is a good prospect of a wide market for this character of paper.

Practically all the state bankers associations have a committee representing the trade acceptance council. In Minnesota this committee is composed of J. S. Pomeroy, vice-president of the First and Security National Bank of Minneapolis; Henry Von der Weyer, vice-president of the Merchants National Bank of St. Paul, and William G. Hegardt, vice-president of the American Exchange National Bank of Duluth.



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Each Federal Reserve city, or city having a branch Federal Reserve Bank, has also a similar committee. The committee for Minneapolis is Lester T. Banks, assistant cashier of the North-

western National Bank; John G. MacLean, assistant cashier of the First and Security National Bank, and A. E. Lindhjem, assistant cashier of the Midland National Bank.



## Bank Aid to Stock Growing

THE banks of the country are performing a public service and at the same time adding, indirectly at least, to their profits through the aid given in various ways to the stock-growing industry of the country. With meat and dairy products in such demand, whatever tends to increase these products gives to the bank an added source of business and of enlarged earnings. Not only are cattle an important means of profit to the farmer, but they increase the value of his land.

In stock growing a problem of great importance is the provision of an adequate supply of proper feed. Bankers and their depositors will be able to meet their requirements in this respect by writing to E. P. Mueller, 5 North La Salle street, Chicago, who will supply quotations on wet and dried grains, mill feeds, barley and oat feeds, corn germ and hominy meals, etc., showing a high analysis of protein, fat and carbohydrates. By ordering direct shipments in carload lots very advantageous rates may be obtained.



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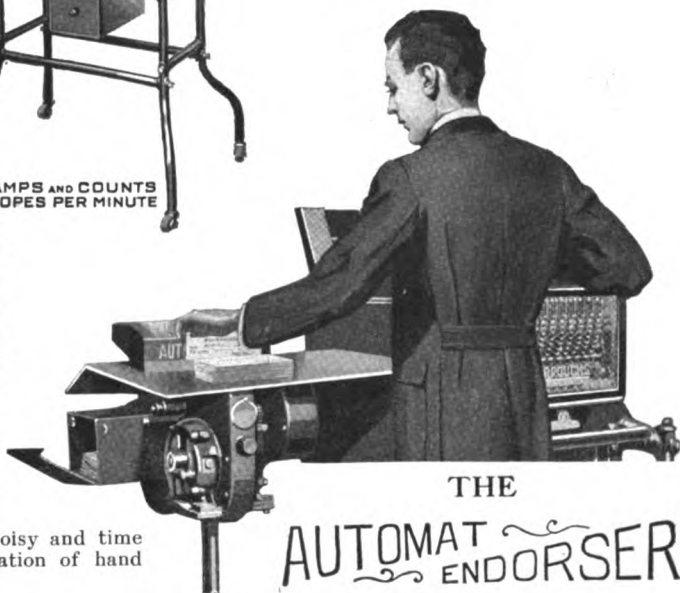
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buildings conform to the most approved idea of present-day bank architecture.

The booklets contain a number of letters from banks in facsimile expressing satisfaction with the work executed by the firm.

In addition to illustrations of completed buildings, mention is made of several other new bank homes under construction.

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## Westinghouse Electric and Manufacturing Company and Its Proprietary Companies in the United States

THERE has just been made public the balance-sheet of the Westinghouse Electric and Manufacturing Co., and its proprietary companies in the United States, excepting the New England Westinghouse Company, for the year ended March 31, 1918.

As shown by this balance-sheet, the total assets of this company and its subsidiaries were on that date \$164,714,378.24. Of this amount, \$41,167,874.49 represented property and plant; \$19,212,071.51 investments; \$29,150,835.56 notes and accounts receivable, and \$60,548,532.69 working and trading assets.

The cash on hand amounted to \$8,918,555.64, besides which there is cash on deposit for redemption of debentures, bonds, notes, interest and

dividends, amounting to \$92,255.65.

The capital stock of this company and its subsidiaries is \$74,812,650; the reserve \$3,555,275.68, while the surplus of profit and loss is \$26,404,694.73.

The consolidated and condensed statement of the income and profit and loss for the year ended March 31, 1918, shows that the gross income from all sources was \$16,834,733.36. Deducting from this amount the interest charges, there was left net income available for dividends and other purposes, \$15,405,680.89. Adding the net income for 1918 to the profit and loss surplus as of March 31, 1917, gives a gross surplus of \$33,510,979.55. After deducting profit and loss charges, the surplus remaining March 31, 1918, was \$26,404,694.73.

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